

DEBT, DEFICIT, TAXES

Record of the Borden Government Since 1911

**Hon. W. T. White Reckless with the People's
Money, But More Than Kind to
His Old Pals.**

Published by Central Information Office of the
Canadian Liberal Party
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Record of the Borden Government Since 1911

There never was a time in the history of Canada when there was greater necessity for serious and clear thinking by the people as to the politics and administration of the country. A crisis is upon us, the effects of which are of the gravest possible character. Huge deficits and continual declining national revenues; trade and commerce stagnant; development arrested; and great unemployment,—these are the conditions with which we are faced, and only the wisest statesmanship can avert great trouble. In these untoward circumstances, it is imperatively necessary that a greater and deeper interest be taken by every citizen in the management of our national affairs. Canadians generally have taken their politics in too easy going a fashion in the past, largely because the country was prosperous. Now, however, when we are confronted with conditions almost appalling in their character, we must prepare ourselves to do our best to overcome the great difficulties which seem to stand in the way of a renewal of general prosperity.

Obviously, to reach proper conclusions, one must have a full knowledge of the facts. A careful inquiry, therefore, into the past and present administration of the country is necessary. The questions each citizen should ask himself are:—

1. Whether the Government is properly administering your affairs in the best interests of the whole people.
2. Whether they are measuring well up to the great and difficult task imposed on them.
3. And whether their statesmanship is likely to solve the great problems of the country.

That involves a review of the Government's policies and actions embracing its term of office which we shall now proceed to enter upon.

A WEAK CABINET.

At the very outset of his career as Prime Minister, Sir Robert Borden shocked the country, and greatly annoyed his own political friends, by forming what is generally admitted to be, the weakest and most non-descript Cabinet since Confederation, and especially by the inclusion in it of three Nationalists. He had been placed in power with a large majority which made him independent of cliques, cabals, or other sinister influences, and yet, though professing to be an ardent Imperialist, he allied himself with colleagues opposed in thought, word and deed to every Imperialistic idea. Is there any wonder that the Toronto Telegram, the special organ of the back bone of the Conservative party in the Province of Ontario, declared it to be **"a great betrayal."** Old time staunch Conservatives gnashed their teeth and muttered profanities; it galled them to realize that the Government was in fact a coalition one—a Nationalist-Conservative Government, one wing of which had preached **"not a dollar, not a ship to help Great Britain;"** while the other wing argued that the safety and security of the Empire demanded that Canada should not build a navy, but should provide ships to assist the Imperial navy.

Quoting again from the Toronto Evening Telegram, Sir Robert was guilty of a further **"great betrayal,"** in selecting Hon. W. T. White as

his Finance Minister and the Honourable F. Cochrane as his Minister of Railways and Canals. Mr. White's appointment was generally known to be the result of the dictation of the powerful financial interests of the country who had materially helped to place Sir Robert into Office. The moment it became known that he had been given the portfolio of Finance, a howl went up from the Toronto Conservatives, the reverberations of which have not yet died away. That paper had this to say of Mr. White on October 7, 1911:

"The creed of Mr. White is hopeless from the standpoint of every Canadian who wishes to see this country governed at Ottawa in harmony with the spirit of progressive ideas and in freedom from truckling to the trusts and corporations that have this country by the throat.

"The best that Canadians in affiliation with the Conservative party can do is to recognize Mr. White as an enemy they can respect. Mr. White cannot be recognized as a friend, whom they can accept, to the just principles and ideals that in almost every schoolhouse in Ontario were promised recognition in any Government that the Hon. Mr. Borden might be called upon to form."

The Telegram also paid its compliments to both Mr. White and Mr. Cochrane on October 10th, 1911, thus:

THE FIRST GREAT BETRAYAL.

"If Hon. R. L. Borden and the Borden Government have any real friends in Ontario these friends will set to work and defeat Hon. Frank Cochrane and Hon. W. T. White in any constituency to which they may appeal in this Province.

"The question for Ontario Conservatives to decide is whether they will strangle the advisers who have subordinated the R. L. Borden Premiership to clericalism and corporation on the occasion of the first betrayal of the people.

"Or will the true friends of the Borden Premiership hesitate to strangle the worst enemies of that Premiership and give these enemies time to strangle the whole Conservative party and deprive Canada of the fruits of as noble a victory as a free people ever won?

"The defeat of Hon. Frank Cochrane and Hon. W. T. White in Ontario constituencies would bring R. L. Borden face to face with the quality of the folly which he has accepted as wisdom, and teach Mr. Borden that the voice of Ontario does not necessarily speak in the accents of Sir William MacKenzie, J. W. Flavelle & Co."

On October 9th, 1911, the same Conservative newspaper had this to say of Mr. Cochrane:

"The last infirmity of Hon. Frank Cochrane's noble mind is the belief that a party cannot fail if it has the support of Sir William MacKenzie, the favor of clericalism, the allegiance of French-Canadian extremists, and the friendship of the corporations. Hon. Frank Cochrane is no friend to either progress, public rights or public ownership."

The Hon. Robert Rogers, of Manitoba election fame, was another of the choice bricks used by Mr. Borden in building his Cabinet structure. To say that Mr. Rogers adds intellectual weight to the Cabinet Councils would be a gross exaggeration, but to say that he is a good manipulator of men and things, and that he knows how to win elections without appealing to the intelligence of the voters, would be to state the truth. The Honourable Robert's political creed is not based upon a rigid adherence to some of the Ten Commandments.

The Honourable George E. Foster, now Sir George,—was taken in, but in a minor capacity. Having been Finance Minister under previous Conservative Governments, he naturally expected reappointment to that portfolio, but "the Interests"—the masters of the administration—would have none of him. They nominated their own man, White, and saw that he was appointed. Sir George naturally was a disappointed man. It is true that his record in business affairs had not been as good as it might have been, but he had lived that down to a large extent. In our judgment, by reason of his Parliamentary experience, and his knowledge of finance and tariffs, coupled with his well known liking for strict economy, he would have made a far safer and better Finance Minister than Mr. White, who entered Parliament and the Cabinet as an absolutely new and untried man. After all his years of incessant tongue wagging, of preaching—for political purposes—that black was white and blue was yellow, the minor portfolio of Trade and Commerce seemed a poor reward to Sir George. Such, however, is politics!

An excellent appointment was made, however, to the position of Minister of Justice, if we view the best qualification for that position to be that of a man who had made a reputation in his private capacity for sticking to the strict letter of the law. Mr. Doherty, the appointee, served 15 years as a Judge in the Province of Quebec, and although at the end of that period, enjoying, on his own admission, the best of health, applied for and obtained a pension. The spirit of the pension law applying to Judges is that a pension may be given after 15 years of service to any Judge who feels himself unable by reason of age or ill health to continue to perform his duties satisfactorily. The law, however, unfortunately does not use the words, "old age, or ill health", and Mr. Doherty relied upon its strict literal interpretation. And so he got this pension of \$4,000 a year, and resumed the practice of his profession, at which he continued for years, until Mr. Borden made him Minister of Justice with a salary of \$7,000 a year plus \$2,500 sessional indemnity, which together with his pension of \$4,000 which he still collects, makes a total income of \$13,500 a year. The country, however, can rest assured that they have a Minister of Justice who can be depended upon to administer the letter of the law in its most rigid form.

The Honourable Dr. Reid was selected for the important position of Minister of Customs. The best, perhaps, that can be said about the doctor is that a long Parliamentary career is behind him. He is what may be termed a robust politician.

We must not forget the Honourable Sam Hughes, the brightest(?) scintillation in the Cabinet of nondescripts. The English vocabulary has been exhausted by the press on both sides of politics in criticism, denunciation, and in that quality of faint praise (which is more effective than

damning) of the greatest military commander since Hannibal. We cannot hope to improve upon what has been written and spoken about him. We shall content ourselves with the observation that it is a pity,—a thousand pities,—that buffoon-like characters like this are considered fit and proper persons to be Cabinet Ministers in this intelligent country.

The Montreal Star, one of the principal newspaper supporters of the Conservatives, after reviewing the Cabinet slate, published the following editorial on October 10th, 1911:

“Hon. Mr. Borden has now taken his first step as Prime Minister by selecting his Cabinet. There was the highest hopes throughout the country that with his huge majority largely based on new blood, he would feel free to give us a Government wholly unshadowed by even a question as to the character or reputation of any of the Ministers. It would be pure hypocrisy for the Montreal Star to pretend that this has been done. People’s memories are not short enough to have forgotten our public opinion of the men who have been called to Office.”

“What the net result of the selection will be it is impossible yet to foretell. Sinister influences have been granted admission to the Privy Council Chamber at a time when they might have been rigidly excluded and this fact does not alone make for reassurance.”

The great Burke described the composition of one of the Governments under the reign of George III in language which seems almost appropriate to the Borden Cabinet:

“He made an Administration, so chequered and speckled; he put together a piece of joinery, so crossly indented and whimsically dovetailed; a Cabinet so variously inlaid; such a piece of diversified mosaic; such a tessellated pavement without cement; here a bit of black stone and there a bit of white; patriots and courtiers, King’s friends and Republicans; Whigs and Tories; treacherous friends and enemies—that it was indeed a curious show, but utterly unsafe to touch and unsure to stand on.”

Let us see how this strangely assorted Cabinet and the various members thereof comported themselves and whether or not their administration has contributed to the general welfare of the people.

We shall show as we proceed that no Government in Canada ever did less to promote the welfare of the people; that their primary object is to stay in office, the interests of the people being quite secondary; that they lack the initiative; that they have been extravagant to the point of madness—they started off with a highly solvent estate and reduced it in three years almost to bankruptcy; that they surrendered themselves to large railway interests; that under their administration Canada sank from prosperity to adversity, long before the war broke out. It is a well known saying that a new broom sweeps clean, but this Government’s broom was not used at all.

CONSERVATIVES HAD A GOODLY HERITAGE.

Whether credit be given to the Liberal party or not, it is an undoubted fact that during their 15 year term of Office preceding 1912, Canada was highly prosperous. It was the first golden era in its history. The development that took place in every sphere of activity was enormous, and the astonishment of the world. The finances of the country were in magnificent condition. For years, large surplus revenues over ordinary expenditures had been recorded, and the public debt was comparatively small. Factories were running to capacity; the wheels of commerce hummed with activity; every man in the country was up and doing, full of vigor, ambition and hope. **The Conservative Government, therefore, entered into a goodly heritage.** This picture is not over-drawn. The Conservatives, in November, 1911, then only a month in Office, put the following words in the mouth of His Excellency, The Governor-General, who addressed Parliament in his speech from the Throne. The quotation is:

"It affords me great pleasure to congratulate you upon the continued and increasing prosperity of the country. Our trade with both British and foreign countries is rapidly expanding and there is every prospect that its volume in the present year will be largely in excess of that attained at any time in the past." (Vide Hansard 1912, Page 8).

The Honourable Mr. White, the new Finance Minister, in his budget speech delivered on March 13th, 1912, only a few months after the Conservatives came into power, spoke thus: (Vide Hansard 1912, Page 5011).

"It will, as I have said before, be gratifying to all that the material prosperity with which we have been so highly favoured still continues to be our portion. Despite the serious vicissitudes through which the western wheat crop has passed and the unusual heat experienced in the province of Ontario during the past summer, the field crops of Canada show a bountiful yield, and with the high prices prevailing for practically all its products, the great basic industry of agriculture continues in a flourishing condition. Almost every Department of Trade and Commerce shows expansion. Our mines are wonderfully productive. Our coast fisheries, notably the Atlantic, have enjoyed a good catch and high prices. Our manufactures are thriving and new industries are springing up throughout the whole Dominion. Railway construction especially in the West, proceeds apace, preparing a way for settlements in districts not yet opened up and for trade with other markets than we now enjoy. Our increased bank deposits, clearings and circulation, the amount of public and private building evidenced in municipal and business structures, extensions to manufacturing plants and residences in almost every part of the country, all attest that the general prosperity of Canada at the present time is very great.

"Our Dominion continues to be the land of hope and

promise to the home seeker. During the last year, as before shown, our immigration from Europe and the United States reached an average of nearly a thousand a day, bringing their capital, their intelligence and their energy to assist in the great task of developing the resources of Canada and building up her nationality. Much has been said in the past with which I am in accord as to the selection of immigration as far as possible with an eye to the quality and character of our future citizenship. Notwithstanding the large stream of immigration, labour conditions are good and extreme poverty, from any reason other than incapacity or direct misfortune, is hardly known.

“Under the favourable conditions which I have described, and with every prospect for their continuance, the future of Canada looks bright indeed. In the enjoyment of peace, plenty and prosperity, her energetic, loyal and patriotic people look forward with hope and expectation to an ever great and greater future.”

What Happened Under Conservative Rule?

Inside of two years, the most serious depression ever experienced was upon us, which went on from bad to worse, until the war came like a bomb shell and found us unprepared for the shock.

A Comparison.

Place any construction you like upon it, give credit to the Liberals or refuse credit, call it coincidence if you will, it is hard for the ordinary man to resist the common sense conclusion, that Governments are in large part responsible for conditions, affecting the welfare of the people when he is asked to consider the plain outstanding facts.

1. That for years prior to 1896, under Conservative rule, the country was in a rut—a rut almost of despair, little, if any, progress being made.

2. That under Liberal Administration almost everyone prospered; that, in short, it was an era of the full dinner pail.

3. That when the Conservatives came back into office, late in 1911, they succeeded in keeping the prosperity machine going about a year only, after which there was gloom, nothing but gloom, all over the country.

CONSERVATIVE FINANCIAL MANAGEMENT.

As we have shown above, when the Conservatives took Office the finances of the country were in the words of the Hon. Mr. White himself, **“In a satisfactory condition.”** We shall now look into the record of their financial management.

Under the Liberals, the ordinary expenditures of the country increased from \$36,000,000 in 1896 to \$87,000,000 in 1911, an increase of \$51,000,000, or at the rate of \$3,500,000 per annum, during the period when the country was developing at an extraordinarily rapid rate. If we take the fiscal year ended March 31st, 1912, we find that the total

ordinary expenditure was \$98,000,000. The Liberals went out of office in the middle of that year. Charging the Liberals up with the whole expenditure of that year, the total increase of expenditure during their regime was \$62,000,000, or at the rate of a little less than \$4,000,000 a year.

Sir Robert Borden, in one of his manifestos issued prior to the election of 1911, declared:

“The increase in what is known as ordinary controllable expenditure of \$36,000,000 in 1896 to \$79,000,000 in 1911 is proof of extravagance beyond any possible defence.”

In public speeches he and other Conservatives said the increase in expenditure was *prima facie* evidence of corruption. He pledged himself to better things if he were returned to power. Well, the people put him in Office and now what do we find? The record is amazing. In the very first full fiscal year the Conservative Government increased the ordinary expenditure from \$98,000,000 to \$112,000,000; the next year from \$112,000,000 to \$127,000,000, and last year ended March 31st, 1915, it went up to \$140,000,000. For this fiscal year ending March 31st, 1916, it is estimated by the Finance Minister at \$140,000,000. Here we have an increase of \$42,000,000 in three years or at the rate of \$14,000,000 a year.

It will be apparent from these figures that Sir Robert Borden either did not know what he was talking about before the election, or that this Government has been guilty of the **wildest** possible kind of extravagance.

The increase of \$13,000,000 in the expenditure of last year and a part of the increase for the previous year were made in the face of the most distinct warnings to the Finance Minister, of serious depression in trade and commerce. Customs returns for the year ended March 31st, 1914, fell off \$8,000,000 from the previous year, the figures being:

1913.....	\$115,063,687
1914.....	107,180,538

An analysis of the figures shows that the Finance Minister had warning as far back as October, 1913, nearly a year before the war, that the national revenues were declining seriously. For that month and each succeeding month thereafter the revenues of the country substantially declined, yet, would you believe it, instead of shortening sail, and adopting the prudent course of retrenching expenditures as far as possible, he greatly increased the expenditure during each of these months when the revenue was declining.

He proceeded upon the inverse ratio principle and tried to make the people rich by spending their money. Something like a man trying to lift himself off the ground by tugging at his boot straps. These figures support this statement:

**Revenue Decrease. Increase of Expenditures
of all Kinds.**

1913.		
October,	\$533,356	\$5,028,975
November,	760,797	3,208,584
December,	1,210,714	2,505,955
1914.		
January,	1,912,625	5,360,645
February,	3,437,750	4,115,563
March,	3,337,826	1,706,541
April,	2,296,457	450,672
May,	3,095,757	1,794,409
June,	2,216,088	156,999
July,	3,111,803	2,080,682
	\$20,913,173	\$26,409,025

This means that before the war started or there was any talk of war, the financial situation was that our revenues had declined \$20,913,173 and our expenditures increased \$26,500,000, so that there was a deficit created before the war of \$47,000,000.

If the Finance Minister needed other evidence of the depression in trade and commerce to warn him to steer a safe course financially, all he had to do was to look at the railway earnings. The earnings for all of the railways of Canada for the year ended June 30th, 1914, were over \$13,000,000 less than during the previous year. This decline was noticeable many months before June, 1914. The actual figures of railway earnings for these two years were as follows:

Year ended June, 1913.....	\$256,702,703
Year ended June, 1914.....	243,083,539

There was also a substantial decline in bank clearings noticeable during the months when Mr. White was increasing his expenditures and the national revenues were declining; as appears from the following figures:

Bank clearings the year ended June 30th, 1913.	\$9,260,163,171
Bank clearings the year ended June 30th, 1914.	8,073,460,725

The building permits of the four leading cities also recorded sharp decreases, commencing in the Fall of 1913. The figures for the years 1913 and 1914 are as follows:

	1913	1914
Montreal.....	\$27,032,000	\$17,619,126
Toronto.....	27,038,000	20,672,498
Winnipeg.....	18,621,000	12,160,950
Vancouver.....	10,423,000	4,484,476

GREAT UNEMPLOYMENT.

Many months before the outbreak of war there was a large army of unemployed in our cities and large towns. Indeed, the winter of 1913-14 was one of the worst ever experienced by the labouring classes.

On March 11th, 1914, 10,000 men in search of work were registered at the Civic Employment Bureau in Toronto. That condition was typical of the conditions throughout all Canada. In every city, hundreds of men sought work, and sought it in vain. Nor have conditions improved since then. The plain fact of the case is that not for upwards of twenty years past has unemployment existed on such a startling scale in Canada.

In Montreal, during April, no less than 5,000 out-of-works rushed to the city hall when an intimation was given that the city would endeavour to find work for those who needed jobs. Huge mobs of unemployed were massed on the Champ de Mars of the city—all begging for work and few able to find it. In the endeavour to pick up a few cents that they might buy food, men and women went up and down the vacant fields of the city a few weeks ago collecting dandelion plants to sell for greens in the foreign colony.

In Hamilton, the unemployed paraded the streets by the hundreds. Four hundred of them marched to the city hall on one day pleading for work that they might be able to support their families.

In Edmonton, in early May, between 600 and 1,000 of the men who sought work and found it not were marching the streets. In Regina, a thousand men pleaded with the mayor to find them work. In Winnipeg, hundreds walked the streets in idleness, not from choice or laziness, but because those who sought work outnumbered the jobs available many times over. In Ottawa, the unemployed run into many hundreds. In St. John, N.B., in Vancouver, B.C., the cry was the same. Everywhere the demands upon charitable organizations were multiplied many times. Families which never sought aid of anyone before were compelled to ask charity.

Bankers, foreseeing grave trouble, had adopted the most conservative methods, with the result that business men had not only to call a halt on new enterprises, but found it difficult to get money for actual present necessities.

And yet, in the face of these unmistakable evidences of hard times, the Nationalist-Conservatives, as we have shown, spent more and more money and went deeper and deeper into debt.

TRYING TO BLAME THE WAR.

The Nationalist-Conservatives are trying to blame the war and it alone for the depressed trade conditions and financial mess now disclosed in the country. Unfortunately for them the facts above recited prove that conditions all over the country were bad, very bad, long before the guns began to boom in Belgium. Good judges of economic conditions have declared that the war was actually a blessing to Canada as it diverted the attention of the world from our deplorable conditions.

We do not argue that the war has not contributed to the existing depressed conditions of the country. We assert, however, in the most positive way, that we had hard times long before the

war. We think the evidence we have submitted in this respect is irrefutable. We contend, too, that the Conservative Government, in the face of falling national revenues, should have curtailed expenditure instead of adopting the crazy course of increasing them substantially.

By contrast look at what the Liberal Government did when they were faced with a temporary falling off of revenue. For the fiscal year 1908-09, the national revenues fell off nearly \$11,000,000, whereupon the Liberal Finance Minister cut the estimates of expenditure very substantially with the result that the total expenditures of the country of all kinds were reduced during the following year by no less a sum than \$18,000,000. The figures of the total expenditure for the two years being as follows:

1909-10.....	\$115,395,773
1908-09.....	133,441,524

A THREE YEAR COMPARISON OF EXPENDITURES.

We propose now to compare the financial results of the last three years of Liberal Administration (charging the Liberals with the year ended March 31st, 1912, for the reason that the expenditures of that year were largely based on the estimates prepared by them) with that of the first three years under the Nationalist-Conservatives.

Under Liberals.

	Revenue	Ordinary Expenditures	Capital Expenditures	Total Expenditures
1910.....	\$101,503,710	\$79,411,747	\$35,984,026	\$115,395,773
1911.....	117,780,409	87,774,198	35,087,052	122,861,250
1912.....	136,108,217	98,161,440	38,980,642	137,142,082
	\$355,392,336	\$265,347,385	\$110,051,720	\$375,399,105
Total revenue.....				355,392,336
Added to public debt less sinking funds...				\$20,006,769

Under Conservatives.

1913.....	\$168,690,427	\$112,059,537	\$32,397,340	\$144,456,877
1914.....	163,174,394	127,384,472	58,856,575	186,241,047
1915.....	*130,000,000	140,000,000	50,000,000	190,000,000
	\$461,864,821	\$379,444,009	\$141,253,915	\$520,697,924
Total revenue.....				461,864,821
Shortage less sinking funds.....				58,833,103
Plus war expenditure.....				50,000,000
Total shortage.....				\$108,833,103

*Estimates given by the Finance Minister in his Budget speech of Feb. 11th, 1915.

Here we see that the Nationalist-Conservatives spent \$114,-000,000 more than the Liberals on ordinary expenditures and \$30,000,000 more on capital and special expenditures—not including an expenditure in 1914-15 for war estimated at \$50,000,000. The result of this madly extravagant career is that the national finances are now in terrible condition as disclosed in the Budget speech of the Finance Minister of Feb. 11, 1915.

SOME STARTLING FIGURES.

For the fiscal year ending March 31st, 1915, there is a deficit of \$60,000,000 plus a deficit of \$50,000,000 for war, making a total shortage of \$110,000,000. For next year the Finance Minister estimates the ordinary and capital expenditure at \$200,000,000 and for war \$100,000,000, in all \$300,000,000. To meet this his estimates of revenue are only \$120,000,000, which leaves a deficiency of \$180,000,000. He tells us that the war expenditure will be financed by the British Government and a Canadian war loan made after the war to cover the expenditure. If, therefore, we leave the war expenditure for this year and the future out of our calculations for the present, we are still faced with a deficit of \$60,000,000 on last year's operations and of \$80,000,000 on this year's. The \$60,000,000 deficit of last year will have to be added straight and direct to the public debt. With a deficit for this year of \$80,000,000 staring him in the face, the Finance Minister proposes to raise from \$30,000,000 to \$35,000,000 by additional taxation, in part direct, but mostly indirect, properly speaking. Even if the additional taxes proposed raise the additional revenue expected, there will be a deficit apart from war estimated at about \$50,000,000.

Faced with these astounding results and charges by the Liberals in Parliament with having reduced to partial insolvency a highly solvent estate, the Finance Minister tried to play cry-baby by asserting that the bad financial condition was entirely due to the Liberals having left him large legacies, meaning the Canadian Northern Railway, National Transcontinental and Hudson's Bay, which he had to provide for. Let us examine this argument. We will use as chief witness, the Hon. W. T. White himself. In his first budget speech delivered on March 13th, 1912, he said: (Vide Hansard 1912, Page 4989).

"The net debt of the Dominion was increased as a result of the year's operations by some \$3,773,505. I must say that I regard that from the financial standpoint as a satisfactory condition. It shows how very large capital and special expenditures were substantially met by the revenues of the year. The increase of debt is certainly not large. It may be properly described, I think, as comparatively small."

"I think it will be found when the books are closed that the payments on account of the consolidated fund will approximate the sum of \$97,000,000. The estimated revenue for the current year with which I am now dealing

being \$136,000,000, there will therefore be a surplus of \$39,000,000 available for capital and special outlays. I am sure I can congratulate both the House and the country upon what is undoubtedly a record year for the Dominion." (Vide Hansard 1912, Page 4990).

In the same speech he referred to the construction of the Canadian Northern Railway from Port Arthur to Montreal, the bonds of which had been guaranteed by the Liberals, as "a great enterprise so much needed by the West." (Vide Hansard 1911, Page 5002).

Continuing, he said:

"It is of the utmost importance to this country that this line should be built."

"It is in the interest not only of the province of Ontario but of the Dominion of Canada as a whole, West and East, that this line should be built without any delay whatsoever." (Vide Hansard 1912, Page 5003).

Again in that same speech, he said:

"It will be observed in connection with the estimates for the coming fiscal year that very liberal expenditures have been provided for. We are in the growing period of the nation and the Government must do its part. The increase of our transportation facilities, improvements of and extension to our Canal and Railway Systems, the deepening of our harbours and waterways, the construction of adequate terminals at our great ports—all these with other necessary minor public works are the proper subject of public expenditure; and I believe that for these purposes generous appropriations will be approved by the people of Canada. The greatest problem we have to-day, in my judgment, is the problem of transportation—to give our people access to the markets of the world. We have to-day a congested situation in the West. There was a late harvest. The railways have been overtaxed. Hon. gentlemen representing the West, and indeed hon. gentlemen on both sides of the House, are anxious that we should provide more railway accommodation for the West, more spouts—to use a common expression—for the western traffic. The Government is committed to the project of building the Hudson Bay Railway. The Canadian Northern Company is extending its transcontinental line to Vancouver. The Grand Trunk Pacific Railway Company, part of the National Transcontinental system, is pushing on to Prince Rupert. In time, we shall have the opening of the Panama Canal. Questions will arise as to moving the wheat to the West and providing terminal facilities for that traffic.

Great capital expenditures will be required to provide facilities both on the Atlantic and on the Pacific.

We must provide adequate expenditures for all these purposes. And, if, as I have said, the money is expended wisely and economically, I believe that any government of Canada at this stage of the country's development, will have the hearty support of the people in making those expenditures." (Vide Hansard 1912, Page 4993).

Dealing later in his budget speech for 1912 with the expenditures on the National Transcontinental Railway, he made the following observance. (Vide Hansard 1912, Page 5005).

"I desire to say, both to those of our Dominion, and to those in Great Britain, if there are any, who have felt misgivings as to the very large amount of estimated expenditure upon the eastern section of the National Transcontinental and the burden entailed upon the country in consequence, that I think it will be reassuring, completely reassuring, to know that, great as the cost has been, and will be, a large proportion of that cost for the past, has been, and for the future, (if conditions continue as I believe may very well be expected), will be liquidated from the surpluses of consolidated revenue account and will not become a charge upon the future. I think we are all glad that we are able to make that statement."

In his Budget address delivered May 12, 1913, he spoke thus; in reference to the public debt:

"It may be affirmed without question that this amount of indebtedness is certainly not only not excessive but exceptionally reasonable in amount for a country with the territory, resources, wealth and development of Canada." (Vide Hansard 1913, Page 9630).

In his Budget deliverance of April 6th, 1914, after referring at length to world-wide conditions which had brought about tight money, he said:

"What is the present outlook? Bankers and business men unite in the opinion that while it is a time for prudence and caution, it is also a time for confidence and courage. The strength of Canada lies in her vast natural resources. That is the rock upon which our prosperity is soundly based and founded. Any depression, generally speaking, can be but temporary in character until such time as normal money conditions, joined with business confidence, again restores the wonted activity of the nation. While this is so, we must not close our eyes to the fact that we have been passing through a period of considerable inflation. Our railway policy has resulted in the construction of two vast systems within the past dozen years. Construction upon the main lines of these two systems is nearing comple-

tion. IT MUST, HOWEVER, BE BORNE IN MIND THAT RAILWAYS ARE NEVER COMPLETED, ARE ALWAYS BUILDING AND REBUILDING, ALWAYS EXTENDING THEIR BRANCHES AND FEEDERS. I DO NOT THEREFORE LOOK FOR ANY ABRUPT CESSATION IN CONNECTION WITH OUR RAILWAY CONSTRUCTION." (Vide Hansard 1914, Page 2451).

"When we consider, apart altogether from its physical resources and its economic strength as a community, the great public works owned and paid for by the Dominion—its canals, railways, including the Intercolonial and the now almost completed National Transcontinental—it can be affirmed with certainty that the national debt of Canada has been kept within very moderate bounds indeed." (Vide Hansard 1914, Page 2447).

Summarized, these utterances of the Conservative Finance Minister show:

(1) That he was abundantly satisfied with the financial conditions.

(2) That he considered the public debt comparatively small, and viewed our great public works, including the National Transcontinental, as substantial assets.

(3) That he approved the construction of the Canadian Northern Railway from Port Arthur to Montreal, declaring that its immediate construction was in the interests of the whole people of Canada.

(4) That notwithstanding the railway building of the Liberals, the transportation problem was still the great problem in Canada and that more and more railways would be needed.

There was no condemnation then by the Finance Minister; no talk of vicious legacies left by the Liberals; everything was lovely so long as things were going well with him, but the moment he found himself in difficulties, due to the reckless extravagances of his Government, he tried to blame the other fellow.

As to the Hudson Bay Railway, Mr. Borden pledged himself in one of his manifestos before the election of 1911 to the immediate construction of that railway and Mr. White in his budget speech of 1912 stated that the Government was committed to that project. Later on, in this pamphlet, when we come to deal with Capital expenditure, we shall go into this legacy argument of Mr. White's more fully and prove it a fallacy.

Ordinary Expenditures.

We shall look now at the details of expenditures of the Government so that we may get an intelligent idea as to where the money went.

We shall deal first with the ordinary expenditures or what is known as consolidated fund expenditures as distinct from capital expenditures. It is, we think, a fair statement to make that these expenditures are, except in regard to fixed charges for interest on public debt, etc., largely controllable from year to year by the

Government of the day, and as respects them, no charge can lie of paying for legacies left by previous Governments.

As previously pointed out in this article, the ordinary expenditures increased under the Nationalist-Conservatives from \$98,000,000, in 1912, to \$112,000,000, in 1913, to \$127,000,000, in 1914, and to \$140,000,000, in 1915.

We have also shown that in the last three years the Conservatives spent \$114,000,000 more under the head of ordinary expenditures than the Liberals did during their last three year term of office.

We think most people will agree that \$114,000,000 additional ordinary expenditure in three years is an enormous sum, all things considered, and we believe it will be difficult for the average man to understand the reasons for such an abnormal increase. During that period, the country certainly did not develop to a sufficient extent to warrant the increase. As a matter of fact, Canada has been marking time in the matter of development for the last two years.

An examination of the sub-headings of ordinary expenditures will give us a better idea of the situation. Please note that 1912 was the last year of expenditures for which the Liberals are responsible.

As we proceed, it will be observed that notwithstanding the statements made by Mr. Borden and other leading Nationalist-Conservatives, that Liberal ordinary expenditures were extravagant, and that if they were returned to power they would cut such expenditures by at least ten millions, not a single reduction was made in any Department; on the contrary, substantial increases are shown in each. Sir Robert Borden and his colleagues broke their promises to the electorate with callous indifference, and proceeded upon a course of riotous extravagance. Compared with the Conservatives, who are past masters at the game of spending the people's money, the Liberals are neophytes.

INTEREST ON PUBLIC DEBT.

Expenditure,	1912.....	\$12,259,396
"	1913.....	12,605,882
"	1914.....	12,893,504
Amount voted,	1915.....	13,410,473
"	1916.....	21,508,039

The large increase of the sum required for this fiscal year for this purpose is worthy of special note.

CHARGES ON MANAGEMENT OF PUBLIC DEBT.

Expenditure,	1912.....	\$447,456
"	1913.....	483,612
"	1914.....	460,013
Amount voted,	1915.....	498,450
"	1916.....	508,950

CIVIL GOVERNMENT.

This is the expenditure for the Civil Service at Ottawa:

Expenditure,	1912.....	\$4,774,678
"	1913.....	5,109,458
"	1914.....	5,607,794
Amount voted,	1915.....	6,850,257
"	1916.....	7,024,253

There is absolutely no justification for this very large increase. The plain fact is that the Government has been loading up the Service. In almost every Department of the Government the officials are tumbling over themselves and buildings have been rented to accommodate them all over the city of Ottawa;—of course from Conservative landlords. In fact, it has developed into a joke in the city.

The increase in expenditure is due only in comparatively small measure to increase of salaries. It is in a large part accounted for by the appointment of new and unnecessary officials.

"The Civilian," a weekly paper published by an Association of Civil Servants solely in the interests of the Service both in Ottawa and outside of it, had this to say in a recent issue referring to the Service as a whole:

"We have nothing to do with appraising the blame or glory of Civil Service administration as between the two parties in Parliament. But we have a responsibility as to the members of the organized and indeed of the unorganized service as well. This responsibility prompts us, as a positive duty to point out that the PUBLIC SERVICE IS OVERMANNED TO A REMARKABLE DEGREE AND ON ACCOUNT OF THIS OVERMANNING, OF INEFFICIENT ORGANIZATION, OR DUPLICATIONS AND OTHER KINDS OF WASTE, THERE IS A LOSS, CONSERVATIVELY ESTIMATED, OF OVER \$5,000,000 A YEAR. A minister of the present Administration once asked a delegation of civil servants what necessity existed for any communications between a committee of Council and the Civil Service Commissioners. Herein is the answer. The Commissioners could have informed the ministry of this overmanning and of a number of other weaknesses in the system of government as such come under their observation."
(Civilian, March 5, 1915).

According to a return to the House of Commons at the last Session of Parliament, battalions of new appointments were made to the Service at Ottawa and outside of it. The following is a summary of the return:

FEDERAL GOVERNMENT DISMISSALS, RESIGNATIONS, DESERTED, AND NEW APPOINTMENTS— Since October 10, 1911.

	Dismissed	Resigned	Deserted	Deserters Punished	New Employees	REMARKS
Agriculture.....	45	93	0	0	579	363 permanent 211 temporary
Auditor-General's Office.....	0	4	0	0	14	
Civil Service Commission.....	0	2	0	0	8	3 permanent 5 temporary
Customs.....	271	194	11	0	1649	
External Affairs.....	0	0	0	0	3	
Finance.....	7	22	0	0	199	
Governor-General's Office.....	0	1	0	0	3	
Indian Affairs.....	135	122	0	0	295	
Inland Revenue.....	73	49	1	0	292	
Interior.....	309	374	0	0	1651	
" Immigration.....	110	35	0	0	343	
Justice.....	20	122	0	0	258	
Labour.....	21	24	0	0	60	
Mines.....	1	37	0	0	103	
N.W. Mounted Police (outside service).....	124	138	103	10	527	
N.W. Mounted Police (inside service).....	0	1	0	0	3	
Public Works (outside service)...	507	701	0	0	1877	
Public Works (inside service)...	4	24	0	0	125	
Public Printing & Stationery....	20	46	0	0	287	
Railways & Canals (inside service).....	1	14	0	0	55	28 permanent 27 temporary
Intercolonial Railway.....	363	769	0	0	2076	
Transcontinental Ry.....	301	241	0	0	200	
Rideau Canal.....	3	22	0	0	59	
Trent Canal.....	5	11	0	0	9	
Welland Canal.....	10	32	0	0	225	
Sault Ste. Marie Canal.....	18	9	0	0	30	
Quebec Canals.....	10	8	0	0	26	
Ontario & St. Lawrence Canals..	79	8	0	0	128	
St. Peter's Canal.....	10	0	0	0	10	
Secretary of State.....	0	1	0	0	27	12 permanent 15 temporary
Trade & Commerce.....	13	41	0	0	49	
Archives.....	0	3	0	0	17	(The above from sessional papers No. 85.)
Supt.-General of Insurances....	0	3				
Post Office:—						
Civil Servants.....	166	606	0	0	3312	From sessional papers No. 85A
Postmasters.....	1341	3254	0	0	6591	
Temporary (short period)...					868	
Marine Department.....	464	340	0	0	1608	From sessional papers No. 85B
Naval Service.....	484	624	258	21	1782	From sessional papers No. 85C
Fisheries Branch.....	184	19	0	0	265	
Total.....	5099	7994	373	31	25613	

This shows a total of 13,466 dismissed, resigned or deserted and 25,613 appointments, or an excess of appointments over vacancies of 12,147. We direct special attention to the large number of resignations amounting to 7,994. The virtue of resignation has never been exhibited in the Civil Service and there would appear to be little doubt that the large majority of the resignations were forced by the Government, and really should be in the dismissal category.

In fairness to the Government, it should be mentioned that the return does not show the number of deaths and superannuations. Estimating these at 1,000, which would be a large allowance, we still have 11,147 additional appointments made by the Government during a period when the country was making little progress.

Is there a man in his senses in Canada prepared to say that there was justification for that large additional army of Civil Servants?

The truth is that notwithstanding Mr. Borden's high sounding professions of creating higher standards in the Service and thoroughly reforming it, he and his party have developed the patronage evil until it exists to-day in its most rampant form. One of his Nationalist ministers, the Hon. E. P. Blondin, the man who said French-Canadians had to shoot holes through the British flag before they could breath the air of liberty, declared recently in Parliament:

"I would be the last man in the House of Commons to take up the defence of the Civil Service Commission."

PUBLIC WORKS.

Expenditure on Consolidated Fund:

1912.....	\$10,344,487
1913.....	13,468,505
1914.....	19,007,512
Amount voted 1915.....	33,390,656
" " 1916.....	22,351,830

This expenditure covers the construction of public buildings, construction, and improvement of harbours, wharves, and breakwaters, dredging, etc. There is also expenditure under the head of Capital for practically the same purposes. Why one part of the expenditure is charged to ordinary expenditure and the other to capital is impossible to explain. It has been the practice to keep the National books in that way ever since Confederation.

The only fair way to analyze this expenditure is to group the charges under the two heads and to compare them so grouped with the Liberal expenditures during the last three years the Liberals were in Office, including the fiscal year ended March 31st, 1912.

The total expenditures for Public Works were:

1910.....	\$11,775,823
1911.....	12,364,148
1912.....	14,460,872

Total..... \$38,600,843

Under the Conservatives the expenditures were:

1913.....	\$19,526,119
1914.....	29,107,528
1915 (11 months).....	25,090,304
Estimate for last month, 1915..	2,500,000

Total..... \$76,223,851

Here we see that the Nationalist-Conservatives' expenditures on Public Works were practically double that of the Liberals. This is the Department presided over by that genial political buccaneer, the Hon. Robert Rogers, whose political creed is to spend lavishly. It is well known and generally admitted that Mr. Rogers is the master of the Administration, and that, holding both the Premier and the Finance Minister in the hollow of his hand, he gets all the money he wishes for his Department. The figures certainly support these statements. We do not say that all the expenditures on Public Works were unwise, but we do assert that in the face of falling revenues starting as far back as October, 1913, a halt should have been called, and that thereafter the expenditures should have been limited to enterprises which would give a return for the money put into them, and to the smallest extent that such enterprises can be executed for. Instead of adopting that course, however, the throttle of the spending engine was thrown wide open. Outside the door of the Minister's office the invitation was addressed to Nationalist-Conservative members of Parliament: "**Ask and ye shall receive.**" A veritable carnival of extravagance was commenced and kept up with joyous and unabating vigour. Millions upon millions were spent in constructing unnecessary wharves and break-waters, and many millions more were spent in building costly public buildings and drill halls in small towns, villages and even hamlets—the grossest possible waste of public money that could possibly be imagined.

There are scores of places where public buildings have been or are being constructed where the rental now being paid by the Government cannot be more than \$200 a year. It is rarely that a public building of less value than \$15,000 is built and more often the minimum is \$25,000. What does this mean? It means an annual interest charge of at least \$1,000 plus salary of caretaker \$700, plus heating, lighting and maintenance of say \$800, or a total annual interest charge of about \$2,500, as compared with the present annual charge of only \$200 for rental. We do not conceive it to be necessary to mention these places, specifically. These public buildings are dotted all over the land.

Crass Stupidity.

This is not only extravagance in its wildest form, it is crass stupidity. This is not a time when Canada can afford to indulge in that sort of folly. We need all the money to perfect our transportation facilities, to build good roads, provide technical education for the people and promote agriculture. We cannot afford to squander a single dollar for any such absurd purpose as the building

of public places and unnecessary drill halls in places of small population. If the Nationalist-Conservatives are allowed to go on in their mad career of extravagance along these lines, we will soon see a drill hall at every four corners and public buildings in every hamlet in the land.

We deliberately assert that the Hon. Robert Rogers is an unsafe man to occupy the position of Minister of Public Works, or any spending department of the Government, because his political ideas are subversive of economy and fair dealing by the people as a whole. He boasts that he knows how to win elections and everybody knows how he wins them. He certainly does not accomplish his victories by the exercise of intellectual influences, or moral suasion. His creed is to get all the public money he can, and to spend it entirely in the interests and for the benefit of the Conservative party. If he spent it wisely there would be less objection, but he has squandered it, as we have pointed out, by the millions in unnecessary and unproductive works. The trouble with Mr. Rogers and most of his colleagues in the Ministry is that they look upon the Dominion Treasury as their own and not the people's. Mr. Rogers is devoid of great intellectual power, and of the high qualities which make real statesmen, but he is rich in craft, guile and low political cunning which constitute him a real menace to the country. If he is maintained much longer at the head of the great spending Department of the Government, he will soon drive Canada well on the high road to bankruptcy.

In connection with the expenditures on public works, we charge against the Finance Minister that he has not fulfilled the duties of his high position. He has been a tool in Mr. Rogers' hands, and has acted merely as a clerk for him. A real Finance Minister would lay down the law to his colleagues as to their expenditures. This, Mr. White apparently has never done. If he had done so, and he attempted to defend the expenditure of millions on public buildings in small places, he would prove himself to be utterly unfitted for his position. Because he has allowed himself to be dominated by the stronger forces in the Cabinet, he has, to speak frankly, made a mess of the Finances of the country. He has, moreover, utterly failed to distinguish between productive and unproductive expenditures, and to grasp the real problems, staring Canada in the face to-day. If instead of allowing money to be squandered on unproductive and unnecessary works, he had caused wise expenditures to be made in promoting technical education, in the construction of good roads by the Provinces, as provided in the Constitution, and in the promotion of agriculture and other basic wealth producing industries, he would have made a name for himself. We despair of his ever doing that so long as he remains under the domination of Mr. Rogers.

POST OFFICE DEPARTMENT.

Expenditure:

1912.....	\$9,172,035
1913.....	10,882,804
1914.....	12,822,058
Amount voted 1915.....	14,956,030
“ “ 1916.....	16,677,355

When the Nationalist-Conservatives took Office this important Department was handed over to a Nationalist member of the Cabinet, Hon. Mr. Pelletier, who proceeded to demoralize it by dismissing officials wholesale and by extravagance in the expenses of the Department. Think of it seriously. The Post Office expenses increased in four years from \$9,000,000 to \$16,000,000. Who would be so rash as to say that the country's business has expanded sufficiently in that time to justify that tremendous increase?

When the Liberals were in power this Department showed a handsome surplus each year. Mr. Pelletier practically dissipated that surplus in two short years.

The Liberal record for their last five years was as follows:

	Revenue.	Expenditure.	Surplus.
1908.....	\$7,107,888	\$6,005,929	\$1,101,959
1909.....	7,401,623	6,592,386	809,237
1910.....	7,958,547	7,215,337	743,210
1911.....	9,146,952	7,954,222	1,192,730
1912.....	10,492,394	9,172,035	1,320,359

By the year 1914, when Mr. Pelletier's work commenced to bear fruit, the surplus was cut down to a little over \$100,000, as shown from these figures.

	Revenue.	Expenditure.
1914.....	\$12,954,529	\$12,822,058

The figures for the fiscal year ended March 31st, 1915, are not yet available.

As illustrative of Mr. Pelletier's administration, he gave to a specially formed company of political friends a contract for 350,000 mail bag locks at \$1.00 apiece,—which was more than twice as many locks as had been used in the whole history of the Post Office Department.

Mr. Pelletier created an unenviable name for himself as the “boss firer” of the administration. He dismissed no less than 1507 employees and demanded the resignation of 3860 more. Then he turned round and appointed 9903.

CUSTOMS DEPARTMENT.

1912.....	\$2,443,846
1913.....	3,150,776
1914.....	3,849,083
Voted for 1915.....	4,210,000
“ “ 1916.....	4,215,000

A good test of the financial administration of this Department is the percentage cost of collection which for the last three years of Liberal rule was:

1910.....	\$3.32 per \$100
1911.....	2.98 " 100
1912.....	2.78 " 100

In the first year of the Conservatives it dropped slightly—to **\$2.74**, but that was before Hon. Dr. Reid's work began to tell—and it was a year of extraordinary inflation in customs revenue. In the following year, 1914, it increased to **\$3.59**. For the fiscal year ended March 31st, 1915, the percentage cost will be 5 or 6%. Mr. Reid also proved himself to be an adept at the "firing" game. He dismissed no less than 271 officials, demanded the resignation of 194 more and made 1649 new appointments.

EXCISE DEPARTMENT.

Expenditure: 1912.....	\$755,967
" 1913.....	843,685
" 1914.....	858,165
Voted for 1915.....	970,078
" " 1916.....	985,425

This Department, from the point of view of expenditure, has been operated more economically than the Customs Department. The increase in the last two years seems, however, to be proportionately large.

PENITENTIARIES.

Expenditure, 1912.....	\$653,482
" 1913.....	704,831
" 1914.....	910,413
Voted for 1915.....	849,300
" " 1916.....	979,700

Our population has not increased much during the last three years and yet the cost of keeping the criminal classes has substantially advanced.

IMMIGRATION.

Expenditure, 1912.....	\$1,364,999
" 1913.....	1,427,111
" 1914.....	1,893,297
Voted for 1915.....	2,138,800
" " 1916.....	1,875,000

Speaking in the budget debate as to this expenditure, Mr. A. K. Maclean, M.P., the financial critic of the Liberals, made the following observations:

"In 1911-12 the cost of this branch of the service was **\$1,364,999.93**. In 1913-14, it was about **\$500,000** greater, or **\$800,000** greater, than in 1910-11. For the ten months ending January 31st, 1913, the expenditure was about equal to the expenditures for 1911-12, or

\$1,301,399, and let me with emphasis call your attention to the fact that we are asked to vote \$1,875,000 for 1915-16. The business of this department is immigration. While its expenditures were increasing, let us see how its business was getting along. In 1911-12, we had an immigration of 354,257, whereas in the calendar year 1914 it was 168,859, just about one-half. In 1915, our immigration will probably be from 50,000 to 75,000, and the amount we are asked to vote for that year is \$1,875,000, which is \$500,000 in excess of expenditures of 1911-12, and about the same as the expenditures of 1913-14, when we had an immigration of 384,878. The return respecting dismissals and appointments credits this department with 110 dismissals and 343 engagements in about two years, which gives the scent to a great deal of the extravagance. I think the few facts I have given about this branch of the service cannot fail to impress one. It is expensively operated. The amazing fact is this, that apparently they do not propose cutting down expenditures, notwithstanding our financial condition and the almost complete loss of immigration. Their policy is to keep up expenditures and increase taxation, notwithstanding that the business of the department is at a standstill." (Vide Unrevised Hansard 1915, Page 386).

DOMINION LANDS EXPENDITURES.

	Expenditure	Revenue
1912.....	\$2,277,099	\$3,775,856
1913.....	2,462,623	3,402,026
1914.....	3,286,480	3,036,030
1915.....	*4,063,120	†2,996,271
1916.....	†3,475,079	

*Voted.

†Estimated.

Mr. McLean's comments under this head were

"You will have noticed how revenue since 1912 has been declining and expenditure increasing. In 1914, there was a deficit of \$250,000 in this service, the first since 1885. In 1915, there will be a deficit of probably over \$500,000. Unless the Minister of the Interior undertakes heroic measures, he will soon have a deficit of \$1,000,000 and more in this Department. There is no defence whatever for the financial record of this service for the past few years. For 1916 there should be a reduction in the Estimate of Expenditure of from \$1,000,000 to \$2,000,000. With declining revenue and diminishing immigration homesteading, we have increasing expenditure. The homestead entries for the past three years show the following decline:

	No. of Entries.	Acreage.
Fiscal year ending March 31, 1913...	33,699	5,391,840
Fiscal year ending March 31, 1914...	31,829	5,092,640
Calendar year, 1914.....	25,623	4,099,680

"It cannot be asserted truthfully that this vast increase in the administration of Dominion lands has any business justification, or was necessary for the welfare of the service and the protection of public interest. The business of the department did not warrant such increasing costs of administration. Expenditures made for purely political and partisan purposes is the open sesame to the business record of this department." (Vide Unrevised Hansard 1915, Page 386).

INDIANS.

Expenditure, 1912.....	\$1,756,565
" 1913.....	1,818,186
" 1914.....	2,182,470
Voted for 1915.....	2,329,573
" " 1916.....	2,244,928

"Here the increase in 1914 over 1912 was just a little short of \$425,000. The Estimates to be voted for 1916 are again in excess of 1912 by \$488,000. The administration of this department has increased in every province. In Nova Scotia, I see it has increased seventy-five per cent. in two or three years. The increase in salaries for Indian Affairs for next year in Nova Scotia alone makes an increase of 140 per cent. over the present year, 1914-15. A recent return showing dismissals and appointments by departments credits the Indian Affairs branch with 135 dismissals and 295 engagements in about two years. This means that for every man dismissed there were two appointments in his place. In this branch unnecessary offices have been created, not for the good of the service of the Indians, but for friends of the Government. The increase since 1911 has been about \$750,000, an amount no one will believe to have been necessary." (Vide Unrevised Hansard 1915, Page 385).

INTERCOLONIAL RAILWAY.

	Revenue.	Expenditure.
1912.....	\$10,666,962	\$10,624,889
1913.....	12,052,729	12,009,953
1914.....	12,940,066	12,893,735

But these figures do not tell the whole story. They show that the revenue is a trifle more each year than the expenditure, but such expenditures do not include any item whatever by way of interest or return upon the capital invested by the country in this railway. Each year considerable sums are spent on capital account.

In respect to these capital expenditures the Conservatives have quite overshadowed the Liberals. Here is the record for two three-year periods.

UNDER LIBERALS.

1910.....	\$1,278,409
1911.....	762,869
1912.....	1,710,448
	\$3,751,726

UNDER CONSERVATIVES.

1913.....	\$2,391,987
1914.....	4,329,999
11 Months 1915.....	4,964,867
Voted for 1915.....	9,460,450
Voted for 1916.....	8,128,250

MILITIA AND DEFENCE.

Expenditures under Liberals:

1910.....	\$4,679,956
1911.....	6,868,651
1912.....	7,580,600
	\$19,129,207

Expenditures under Nationalist-Conservatives:

1913.....	\$9,112,474
1914.....	11,151,398
1915.....	11,608,682
	\$31,872,554

In addition to these expenditures millions were expended through the Public Works Department on drill halls. In view of the painful disclosures of inefficiency and corruption regarding boots, bandages, motor trucks, binoculars, clinical thermometers and horses, it will be the duty of the Liberals at the proper time to make a searching and complete examination of the financial administration of this Department. We admit the Hon. Major General Sam Hughes' courage, zeal and activity, but we have yet to learn that he is a good business man, and a capable administrator. We refuse to take his own word for it that he is. Braggadoccio, self-praise, and buffoonery which he has exhibited and which have made him the laughing stock of the country, are not as a rule associated with good business ability.

EXPENDITURE VARIOUS DEPARTMENTS

	1912	1914	Voted 1915	Voted 1916
Administration of Justice.....	\$1,300,513	\$1,399,456	\$1,432,268	\$1,487,383
Fisheries.....	843,856	1,229,519	1,712,300	1,561,400
Mines Geological Survey.....	261,718	470,506	584,900	547,275
Quarantine.....	182,392	220,927	248,000	248,000
Light House & Coast Service..	2,128,242	2,324,103	2,599,900	2,429,540
Mail & Steamship Subsidies...	1,904,513	2,383,686	2,952,367	2,962,900
Mounted Police.....	696,663	963,650	894,347	1,403,691
Ocean & River Service.....	1,128,907	1,216,278	1,267,434	1,256,900
Pensions.....	245,044	311,900	309,868	449,090
Dominion Police.....	82,445	119,892	123,955	128,765
Steamboat Inspection.....	45,353	63,714	73,000	83,265
Superannuation.....	417,045	443,556	400,000	400,000
Yukon.....	324,241	347,917	353,000	353,000
Adulteration of Food.....	22,786	30,202	53,000	53,000
Weights & Measures.....	205,224	258,095	328,750	355,950

It will be observed from this table that no effort was made to cut down expenses in any of these Departments. Each item shows substantial increase, notwithstanding Mr. Borden's loud assertions that Liberal expenditures were very extravagant, and his promises to institute reforms.

CAPITAL EXPENDITURES.

It is in connection with these capital expenditures that any "legacies" left by the Liberals, which the Conservative Finance Minister sets up as a bogey, would appear, so we shall scrutinize them carefully.

Taking the last three years of Liberal Administration and the first three years of the Nationalist-Conservatives, we find the following record:

Under Liberals.

1910.....	\$35,984,026
1911.....	35,087,052
1912.....	38,980,642
	\$110,051,720

Under Nationalist-Conservatives.

1913.....	\$32,397,314
1914.....	58,856,575
†1915.....	50,000,000
	\$141,253,889

†Estimated by Finance Minister.

Let us examine the details.

RAILWAY SUBSIDIES.

In the years 1913 and 1914 and for eleven months of the fiscal year ended March 31st, 1915, the Conservatives spent a total of \$28,602,016 for Railway subsidies which is two and a half million

dollars more than was spent by the Liberals in 16 years. We quote hereunder the figures for each of the years in these periods:

16 YEARS UNDER LIBERALS.

1897.....	\$416,955
1898.....	1,414,934
1899.....	3,201,220
1900.....	725,720
1901.....	2,512,328
1902.....	2,093,939
1903.....	1,463,222
1904.....	2,046,878
1905.....	1,275,629
1906.....	1,637,574
1907.....	1,324,889
1908.....	2,037,629
1909.....	1,785,887
1910.....	2,048,097
1911.....	1,284,892
1912.....	859,400
Total.....	\$25,129,193

CONSERVATIVE RAILWAY SUBSIDIES.

1913.....	4,935,507
1914.....	19,036,236
(11 months) 1915.....	4,630,273
Total.....	\$28,602,016

The details of the subsidies granted by the Nationalist-Conservatives are given below:

1913.

Canadian Pacific Railway.....	\$85,546.43
Quebec & Saguenay Railway.....	27,641.60
Ha Ha Bay Railway Company.....	148,148.20
Northern New Brunswick & Scarboro Ry.....	86,528.00
Canadian Northern Pacific Ry. Co.....	2,705,378.00
Algoma Eastern Ry. Co.....	254,089.00
Oxford Mountain Ry. Co.....	9,984.00
Algoma Central & Hudson Bay Ry. Co.....	394,859.00
Quebec Central Railway.....	8,576.00
Atlantic Quebec & Western Ry.....	414,618.00
Esquimalt & Nanaimo Railway Company.....	365,440.00
Southampton Ry. Co.....	48,442.88
Kettle River Valley Ry. Co.....	107,138.40
Fredericton & Grand Lake Ry.....	104,996.04
St. John & Quebec Ry.....	174,120.96

\$4,935,506.51

1914.

Algoma Eastern Ry.....	\$179,897.01
Canadian Northern Pacific Ry.....	2,520,281.00
Canadian Northern Alberta Ry.....	2,832,024.00
Canadian Northern Ontario Ry.....	8,948,809.47
Northern New Brunswick & Scarboro Ry.....	21,632.00
Algoma Central & Hudson's Bay Ry.....	456,304.00
St. John & Quebec Ry.....	364,617.42
Central Ry.....	30,145.02
Temiskaming & Northern Ontario Ry.....	2,134,080.00
Southampton Ry. Co.....	32,837.12
Lake Erie & Northern Ry. Co.....	135,129.60
Quebec & Saguenay Ry. Co.....	116,167.68
Ha Ha Bay Ry. Co.....	66,919.28
Canadian Pacific Ry. Co.....	344,682.27
Alberta Central Ry.....	119,712.00
Kettle River Valley Ry. Co.....	699,389.60
Central Ontario Ry. Co.....	969.30
Tilsonburg, Lake Erie & Pacific Ry. Co.....	32,640.00

\$19,036,236.77

11 Months, 1915.

The Fredericton & Grand Lakes Ry.....	111,579.96
The Canadian Northern Ry.....	2,343,335.80
The Canadian Northern Pacific Ry.....	178,077.80
The Canadian Northern Alberta.....	262,080.00
St. John & Quebec Ry.....	59,581.32
Atlantic & Lake Superior Ry.....	18,449.17
Ha Ha Bay Ry.....	16,158.72
Algoma Central & Hudson Bay Ry.....	138,980.56
Esquimalt & Nanaimo Ry.....	405,120.00
Kootenay Central Ry.....	504,622.21
The Algoma Eastern Ry.....	13,022.87
The Alberta Central Ry.....	209,768.00
The Kettle Valley Ry.....	369,497.28

\$4,630,273.69

Out of the total of \$28,602,016 paid by the Nationalist-Conservative Government in Railway subsidies, \$19,789,849 were paid to the Canadian Northern Railway system. By the Nationalist-Conservative legislation of 1912, 1913 and 1914 the C.N.R. system is by law entitled to receive in cash additional sums as construction of lines now under way goes on. (See pamphlet Railway Question in Canada, Publication No. 30.)

PUBLIC WORKS.

On Public Works the Liberals in their last three year term of office spent \$12,373,707, whereas the Conservatives in their three

year term expended \$26,348,424, the detailed figures for each year of these periods being:

Under Liberals.

1910.....	\$4,514,605
1911.....	3,742,717
1912.....	4,116,385
	\$12,373,707

Under Nationalist-Conservatives.

1913.....	\$6,057,514
1914.....	10,100,016
(11 months) 1915.....	9,440,894
Estimates for last month.....	750,000
	\$26,348,424

While it is true that some of the Nationalist-Conservatives' expenditures were on works commenced by the Liberals, the major portion of them were on works initiated by themselves. It has not been charged in any single instance that any of the Liberal works which the Conservatives have carried on were unnecessary and Hon. Mr. White has not applied his "legacy" argument to any of them.

CANALS.

The expenditures for the last three years of Liberal administration were:

1910.....	\$1,650,706
1911.....	2,349,474
1912.....	2,560,938
	\$6,561,118

On Canals the capital expenditures by the Nationalist-Conservatives were:

1913.....	\$2,259,257
1914.....	2,829,661
11 mos. 1915.....	4,964,867
	\$10,053,785

Here also we see a substantial increase, none of which can properly be charged up as a Liberal legacy, the canals being national works generally approved by both political parties.

INTERCOLONIAL RAILWAY.

Considering the fact that this Railway has never paid any return whatever on the capital expended thereon, the Conservative Government has been lavish in new capital expenditures upon it.

During the years 1913 and 1914 and for 11 months of 1915, they spent in this way \$11,686,853—as compared with \$3,751,726 spent by the Liberals during the previous three year period.

When the Liberals went out of power, the operation of this line showed a substantial surplus of receipts over expenditure, but that is now reversed and there is a huge deficit.

HUDSON BAY.

A considerable amount of money has been spent towards the construction of this Railway.

When the Liberals left office, the construction of this Railway had not been commenced—though Expenditures amounting to \$489,250 had been made for surveys. It was therefore open to the Conservatives to abandon the project if they thought it unwise or premature. The fact that they proceeded with it is indicative of their approval of it. Moreover, prior to the general election of 1911, Mr. Borden, in one of his manifestos, pledged his party to the construction of the Road.

Hon. W. T. White, too, in his Budget Speech of 1912, said the Government was committed to the project of building the Hudson Bay Railway.

In these circumstances, this can scarcely be treated as a Liberal “legacy” which poor Mr. White had to provide for.

The expenditures on the Road by Nationalist-Conservatives have been as follows:

	1913.....	\$1,099,063
	1914.....	4,498,717
(11 months)	1915.....	4,340,337
		\$9,938,117

The criticism we have to offer regarding this expenditure is that the Government used bad judgment—to say the least of it—in undertaking the construction of the terminal facilities at Hudson Bay before the Railway was completed. It would have been safer, more sure and more economical to wait until supplies for the construction of the terminals at Hudson Bay could be carried across the completed road.

In this connection, we cite the following facts:

Owing to non-provision for lightering or unloading of supply ships, sent up to the Bay in the summer of 1913, cargoes, carried thousands of miles had to be brought back again to Sydney or Halifax. The loss through one profitless trip alone, that of the chartered steamer, Alcazar, is estimated at over \$60,000. The steamer carried 1,500,000 feet of lumber from Port Arthur, Texas, to Port Nelson, waited outside the port for four months without being able to unload, and then returned to Sydney with cargo still in the hold although the deckload had been thrown overboard before leaving

Port Nelson. A similar experience befell the chartered steamer Alette, which was wrecked on the return voyage and may with cargo prove a total loss. The steamer Cerense was wrecked off Port Nelson in September, 1913, and her captain, on return to Halifax last month, intimated that laxity of government officials charged with assisting navigation was responsible for the wreck.

The Ottawa Citizen (Independent-Conservative), editorially summed up the situation thus:—

“Beach-combers recruited in political machine fashion are sent up as labourers only to return by the next boat. Skilled help is appointed through the political machine. Over all the lack of information and system no one is responsible for anything.”

NATIONAL TRANSCONTINENTAL RAILWAY AND QUEBEC BRIDGE.

Expenditures under Liberals.

1910.....	\$20,068,126
1911.....	23,715,771
1912.....	22,264,461
	\$66,048,358

Under Conservatives.

1913.....	\$15,279,836
1914.....	15,274,205
1915.....	9,740,871
	\$40,294,912

Here we see that the Nationalist-Conservatives spent nearly 26 millions less than the Liberals on this great National undertaking.

MISCELLANEOUS.

There are a number of miscellaneous capital expenditures running into millions comprising chiefly cost of making loans, consolidated fund, transfers, which are not controversial and which we shall, therefore, not deal with. We have given the details of the principal heads of capital expenditures.

MR. WHITE'S "LEGACY" ARGUMENT.

We shall now give further and more detailed consideration to Mr. White's argument that the Liberals had left him an enormous burden of legacies to provide for. Unfortunately Mr. White's speech lacked the merit of conciseness and was conspicuous for its absence of precise detail. In general terms, he charged the former Liberal Government with unbridled extravagance and declared that

what he termed their ruinous railway policy had burdened the country with obligations which he, as Finance Minister, had to provide for. It was a violent fish-wife scolding speech rather than the reasoned utterance of a serious statesman. Mr. White rankled under the charges of extravagance made against him, and instead of attempting to show cause for the great increase in expenditure he tried to draw a herring across the trail by saying his opponents were to blame. Violence of language will not avail the Finance Minister much. Let us proceed to an examination of the facts.

We have shown in these pages that the Nationalist-Conservative Government in their first three years' term of office spent no less a sum than \$114,000,000 on ordinary expenditure account, **more than** the Liberals did during their last three year term of office. The ordinary expenditures of the country are, except in regard to fixed charges for interest and public debt, and certain statutory charges, largely controllable from year to year by the Government of the day, and as respects them, no charge can lie of paying for legacies left by previous governments and **no charge of that kind has been made.**

The Finance Minister has made no attempt to explain that enormous increase in expenditure.

Sir Robert Borden before the last election said that the ordinary expenditures of the Liberals amounting to \$79,000,000 in 1910, were proof of extravagance beyond any possible defence and prima facie evidence of corruption. His supporters said if returned to power the Conservatives would cut the expenditures by \$10,000,000. These were the pledges. The performance consisted of an enormous increase in the expenditures—from \$98,000,000 in 1912 to \$112,000,000 in 1913, to \$127,000,000 in 1914 and \$140,000,000 in 1915.

We repeat that the White Legacy Argument does not apply to ordinary expenditures, which are in the main under the control of the Government, and we assert that the record shows the Conservative Party to be utterly regardless of their pledges to the people to exercise economy; it shows also that the expenditures of the Government have been of a riotous character.

CAPITAL EXPENDITURE.

Dealing with Capital expenditure, we have shown that the Nationalist-Conservatives in their three year term of office spent \$40,000,000 more than was spent during the last three years of Liberal rule and we have proved,—

"A" That half of that expenditure was given by way of subsidy to the Canadian Northern Railway, which the Conservative Government champions.

"B" That \$14,000,000 of it went on public works for which the Government and not the Liberals are responsible.

"C" That some of it went into the Intercolonial Railway, which surely cannot be called a Liberal Legacy.

"D" That millions went into the Hudson Bay Railway to which the Conservative Government equally with its predecessor was committed.

"E" That for the National Transcontinental Railway, Eastern Division, the expenditures of the Conservatives for these three years was considerably less than the Liberal expenditures for a corresponding period.

As a matter of actual fact, the matters about which Mr. White made complaint are practically not included in the expenditures of the Government which we have been dealing with. His complaints had reference to loans and the purchase of Railway bonds, the amounts paid for which do not appear as Government expenditures because there are assets to show for them. We shall now try to explain these matters.

CANADIAN NORTHERN RAILWAY.

At the last Session of Parliament under the Liberals a measure was passed guaranteeing the principal and interest of the bonds of the Canadian Northern Railway to the amount of \$35,000,000 for the construction of a railway from Port Arthur to Montreal, so as to link the system with the Canadian Northern Railway roads in the West, and thereby provide another outlet for the grain of the West. No cash subsidy was given. There was little opposition in Parliament to this guarantee, the construction of the road from Port Arthur to Montreal being generally looked upon as a national necessity. The Canadian Northern Railway represented to the Government that they could finance the construction, and they were apparently satisfied with the guarantee of their bonds to the extent mentioned, which guarantee in all probability, if Canada continued to make even only fair progress, would never cost the country anything.

At the same time, the Canadian Northern Railway applied to the Liberal Government for a similar guarantee or other assistance to enable it to build through the mountains in British Columbia to the Pacific coast. The Liberals, however, refused to comply with that request, as they considered that the building of the Grand Trunk Pacific to the coast was sufficient to meet the requirements of British Columbia, for some time to come at any rate. The Conservative Government of British Columbia, however, stepped in and gave the Canadian Northern a guarantee of bonds to the extent of \$40,000,000.

At the very first Session of the Dominion Parliament after the Conservatives came into power, the Borden Government endorsed the action of the British Columbia Conservative Government by authorizing a cash subsidy of about \$6,000,000 to the Canadian Northern Railway in connection with this mountain section. Bond guarantees were also given to the extent of about \$4,500,000.

At the next Session of Parliament, further subsidies—straight cash—were granted by the Borden Government to the Canadian Northern Railway to the extent of no less a sum than \$15,640,000 to enable it to complete its system. Premier Borden and the Finance Minister both assured Parliament that this would be the last call on the public treasury by the Canadian Northern Railway. But the end was not yet.

At the very next Session of Parliament, the Government guaranteed the principal and interest of Canadian Northern Railway bonds to the amount of \$45,000,000.

Before the war broke out, the Canadian Northern Railway had made a sale of \$15,000,000 of these bonds in England but under the operation of the moratorium they were unable to get any proceeds of the sale, nor were they able to make further sales of bonds either in Canada or elsewhere. To avoid holding up the work of construction, the Government came to the rescue and advanced them \$10,000,000 on the security of \$12,500,000 of the bonds.

We shall not enter here into a discussion as to the merits of these transactions as a special pamphlet will be issued concurrent with this, dealing with all Railway matters. We shall content ourselves with an enquiry as to whether the Canadian Northern Railway financial difficulties can be classified as a Liberal legacy in the sense referred to by the Hon. Mr. White.

It is generally understood and admitted that the Canadian Northern Railway's financial difficulties arose through the construction of the section from Port Arthur to Montreal and the mountain section in British Columbia. As to that mountain section, the Conservatives, through the Dominion Government and the British Columbia Government, are absolutely and entirely responsible. The Liberals, as has been shown, gave a guarantee of bonds for the Port Arthur and Montreal section, which the Canadian Northern Railway accepted as satisfactory, and the Hon. Mr. White himself, in the course of his Budget speech of 1912, a few months after the Nationalist-Conservative Government took office, unqualifiedly supported the construction of this road. This was the language he used:

"It is of the utmost importance to the country that this line should be built." (Vide page 5003, Hansard, 1911-12)

"It is in the interests not only of the Province of Ontario, but the Dominion of Canada as a whole, West and East, that this line should be built without any delay whatsoever." (Vide page 5003, Hansard, 1911-12.)

At another point in that same speech he referred to this Port Arthur-Montreal section as **"a great enterprise, so much needed by the West."** (Vide page 5002, Hansard, 1912-13.)

We submit that these facts disprove Mr. White's legacy argument, at any rate so far as the Port Arthur-Montreal Section for which alone the Liberals are responsible, is concerned. A railway project initiated by the Liberals and which was so unqualifiedly supported by Mr. White himself cannot surely be classified by him as part of a ruinous Railway policy of the Liberals.

HUDSON'S BAY RAILWAY.

The Hudson's Bay is another great railway project initiated by the Liberals, and here again we see the Conservatives in harmony with the Liberals. In one of his manifestos issued prior to the election of 1911, Mr. Borden declared in unmistakable terms in

favour of the immediate construction of that road and Mr. White in his Budget speech of 1912 stated that the Conservative Government was committed to the project. (Vide page 4994, Hansard, 1911-12.)

The work of construction had not really commenced when the Conservatives took office, and they were in a position to abandon the project either permanently or temporarily if they wished to do so. They went on with it and spent nearly \$10,000,000 in three years.

We again submit that this is not a Liberal legacy in the sense described by the Hon. Mr. White.

NATIONAL TRANSCONTINENTAL RAILWAY.

When the Liberals went out of office, this great work was not completed and the Nationalist-Conservatives had to carry it on. It is worthy of special note in connection with the comparison of the expenditures by the two Governments that the Conservatives in their first three years spent \$40,294,912 as compared with \$66,048,358 spent by the Liberals in their last three year term. By comparison therefore the Conservatives had not so great a burden to carry as the Liberals as respects that section.

Part of the system popularly known as the National Transcontinental is the Grand Trunk Pacific Railway from Winnipeg to the Coast. The construction by the Grand Trunk Pacific Company of that road was arranged for by the Liberal Government agreeing to guarantee the principal and interest of 3 per cent. bonds of the Railway Company to an amount equal to 75 per cent. of the cost of construction but not to exceed \$13,000 per mile in respect of the Prairie section of the road.

In 1910, on account of the cost of construction being found in excess of the amount estimated by the Railway Company, the Government made a loan to the Company of \$10,000,000 with interest, secured by a guarantee of the Parent Company, the Grand Trunk Railway Company.

During the Session of Parliament of 1913, which was the Session at which the Nationalist-Conservative Government made a straight gift in cash by way of railway subsidy to the Canadian Northern Railway of \$15,640,000, the Government made a further loan to the Grand Trunk Pacific of \$15,000,000 bearing interest, also secured by a guarantee of the Parent Company, the Grand Trunk Railway.

Mark well the difference between the treatment of the two railway companies. The Canadian Northern Railway got \$15,640,000 in cash plus \$6,000,000 in cash at the Session before, or a total of \$21,500,000 in money not to be repaid, whereas the Government merely accommodated the Grand Trunk Pacific by loaning it \$15,000,000 on perfectly good security consisting of the road itself and the guarantee (which is perfectly good) of the Grand Trunk Railway.

At the Session of 1914, which was the time when the bonds of the Canadian Northern Railway were guaranteed to the extent of

\$45,000,000, the Government also guaranteed the bonds of the Grand Trunk Pacific to the extent of \$16,000,000 in addition to the guarantee originally given by the Liberal Government.

When the original contract was made between the Government and the Grand Trunk Pacific Railway for the construction of the Western division of the National Transcontinental Railway system, the Government being desirous that the full par value of the bonds of the Railway issued for construction purposes should be available for the work, agreed to implement the difference between the selling price of the bonds and the par value. The mind and intention of the Government then was that the implementing that might be necessary would be by a further issue of bonds guaranteed by the Government. The contract was drafted by the Government's legal advisor, the Deputy Minister of Justice, assisted by well-known able counsel in the person of Mr. Geo. F. Shepley, K.C. Some time afterwards a question arose as to the interpretation of the clause in the contract in this respect, the Grand Trunk Pacific contending that the implementing should be in cash. The question was thereupon referred by the Liberal Government to the Courts, and the Supreme Court of Canada unanimously decided in favour of the Government contention that the implementing should be by a further issue of bonds guaranteed by the Government. However, on appeal to the Privy Council in England, the judgment was reversed, and the Government held liable to implement in cash. Up to the time of the judgment, the Grand Trunk Pacific had sold bonds of the total par value of \$36,000,000, the difference between the proceeds of the sale thereof and the par value being about \$5,000,000 which under the judgment of the Privy Council the Government paid in cash, the amount being applied by the Railway Company towards the construction of the road. We would observe in passing that this amount was charged up to the capital expenditure of the year 1912, the whole of the expenditure of which year we are charging up to the account of the Liberals in the comparison of the expenditures made in this pamphlet.

That, however, did not clean up the implementing matter. There remained still to take into consideration the implementing as respects the remainder of the bonds originally guaranteed by the Government, something like \$33,000,000, which had not been sold. The Government after considering the important factors:

- (1) That a Dominion Government guaranteed bond sells for less in the market than the bond of the Dominion itself.

- (2) That the rate of interest on the Grand Trunk Pacific bonds—three per cent.—was low, which meant that the selling price would be correspondingly low.

- (3) That the market conditions brought about largely by the Balkan War were very unfavourable to the placing of Grand Trunk Pacific or other Railway bonds on the London market and that as a consequence of these factors the bonds if placed on the market would yield a price that would necessarily reflect upon that of Canada's own standard stock and all other securities guaranteed by the Dominion.

Decided to purchase the remainder of the Grand Trunk Pacific Railway bonds then unsold amounting as we have said to about \$33,000,000 and they actually did purchase them, the last and final purchase being made in April, 1914, without straining either the resources or the credit of the Dominion.

The last financial transaction as respects the Grand Trunk Pacific was made after the war broke out when the Grand Trunk Pacific in common with the Canadian Northern Railway found it impossible to sell their bonds on anything like reasonable terms. The Conservative Government advanced to the Company \$6,000,000 on the security of \$7,500,000 on their bonds, part of the issue of \$16,000,000 guaranteed by the Conservatives at the Session of 1914. At the same time, as we have stated, the Government advanced the Canadian Northern \$10,000,000 on the security of \$12,500,000 of their bonds.

The Conservative Railway Authority.

Now let us analyze the facts regarding these Grand Trunk Pacific financial transactions which are really the only ones the Hon. Mr. White complains about from the standpoint of his argument that the Grand Trunk Pacific was part of a ruinous policy left to him by the Liberals. In the first place, we assert it is a matter of history that the Conservative Party had approved the construction of the Grand Trunk Railway. Mr. S. Barker, M.P., who is the railway authority in Parliament of the Conservatives, speaking in the House of Commons on the subject in 1912, said: (Vide page 3071, Hansard.)

"If I understand the right hon. gentleman who leads the Opposition (Sir Wilfrid Laurier) aright, he is under the impression to-day that when this question was first opened in the country, there were a great many people who thought that the construction of the railway was not needed then, that it was premature. I do not know just what my hon. friend is referring to. If he says that many people at that time thought there was no need for additional railway facilities for the transportation of the grain produce of the great Northwest to the ocean, then he is altogether outside the facts. I was in the House at that time and I can vouch for the opinion of every member of the Conservative party; I venture to say there was not one man on the Conservative side who doubted for a moment the absolute need of another through railway at the earliest possible moment. There were in the Conservative party at that time members who were interested in other railways, some in the Canadian Pacific railway, and others in other roads, but everyone of them whether interested in the Canadian Pacific railway or not, agreed that another railway should be built, that the party should unanimously support any generous liberal subsidy the Government would propose to give, and that

we should facilitate the construction of the road in every way. That is putting it according to what I know to have been the feeling then on the Conservative side; and so far as my knowledge and observation went, it was the opinion of every man on both sides of the House."

Later on in the same speech Mr. Barker said: (Vide page 3072, Hansard.)

"We have been charged with opposing the Trans-continental Railway. We never opposed that system at all."

There is no denying the fact that the Grand Trunk Pacific Railway was an actual national necessity to cope with the development of the West. Moreover, if for no other reason than that it materially helped to break the Canadian Pacific Railway monopoly which placed the West under a serious handicap, its construction was an absolute necessity. The people of the West were, and are unanimously in favour of it, and public opinion generally throughout Canada heartily supported it.

The Hon. Mr. White, in his Budget speech of 1912, said *inter alia*: (Vide page 4993, Hansard.)

"The greatest problem we have to-day, in my judgment, is the problem of transportation to give our people access to the markets of the world. We have, to-day, a congested situation in the West. There was a late harvest. The railways have been overtaxed. The hon. gentlemen representing the West and indeed the hon. gentlemen on both sides of the House, are anxious that we should supply more railway accommodation for the West, more spouts, to use the common expression, for the Western traffic. The Government is committed to the project of building the Hudson Bay Railway. The Canadian Northern Railway system is extending its transcontinental line to Vancouver. The Grand Trunk Pacific Railway company, part of the National Trans-continental system, is pushing on to Prince Rupert. In time we shall have the opening of the Panama Canal. Questions will arise as to moving the wheat to the West and providing terminal facilities for that traffic. Great traffical expenditure will be required to provide for facilities, both on the Atlantic and on the Pacific. We must provide adequate expenditure for all these purposes, and if, as I have said, the money is expended wisely and economically, I believe, that any Government of Canada at this stage of the country's development, will have the hearty support of the people in making these expenditures."

There we see the Hon. Mr. White himself, testifying to the necessity for more railway accommodation in the West. He had no complaint then to make about the Grand Trunk Pacific.

In the same speech, dealing with the expenditures of the Eastern, or Government section of the Transcontinental Railway, he said: (Vide Hansard 1912, Page 5005).

"I desire to say, both to those of our own Dominion, and to those in Great Britain, if there be any, who have felt misgivings as to the very large amount of estimated expenditure upon the eastern section of the National Transcontinental and the burden entailed upon the country in consequence, that I think it will be reassuring, completely reassuring, to know that, great as the cost has been, and will be, a large proportion of that cost for the past, has been and for the future, (if conditions continue as I believe may very well be expected), will be liquidated from the surpluses of consolidated revenue account and will not become a charge upon the future. I think we are all glad that we are able to make that statement."

Here we see that Mr. White had no misgivings about being able to finance the National Transcontinental.

In his Budget speech delivered May 12th, 1913, the Hon. Mr. White said: (Vide Hansard 1913, Page 9627).

"The expenditures of the Transcontinental Railway reached the considerable sum of over \$21,000,000, but as the years of heavy construction have passed, the outlays for this service will in the future decline materially."

Again, in that Budget speech of 1913, referring to the purchase of \$13,961,006 Grand Trunk Pacific Bonds, he said: (Vide Hansard 1913, Page 9629.)

"The excellent financial condition in which the Dominion happened to be during the year, and more especially last fall, enabled us to buy in to the extent of several millions of dollars the guaranteed securities of the Grand Trunk Pacific Railway Company of which otherwise an issue would have had to be made in order to provide money for the construction of the western division of the railway."

In his Budget speech of 1914, the Finance Minister made the following important statements: (Vide Hansard 1914, Page 2445.)

"The purchase of Grand Trunk Pacific bonds has not only enabled the Dominion to make a substantial saving upon the amount it would otherwise have been obliged to pay in implementing to par the price which would be realized for these securities if sold as they would have been from time to time, but also has served to protect the credit of the country from the consequence of the issue of such low interest-bearing debentures upon

the London market. There is the further fact that so far as the public are concerned our outstanding guarantees are less than they would have been by the amount of our purchases. From the London financial community I have heard nothing but commendation of the action of the Government in this regard. It should therefore be borne in mind in connection with our borrowing that no less a sum than \$24,005,806 has been required so far to take up these bonds which are, of course, an asset in the treasury of the Dominion."

"I think I may fairly set forth to the credit of the Government the fact that notwithstanding our heavy borrowings, the net debt of Canada is less than it was when we took office, and that guarantees of securities have been reduced so far as the outside world is concerned by over \$24,000,000.

"When we consider, apart altogether from its physical resources and its economic strength as a community, the great public works owned and paid for by the Dominion—its canals, railways, including the Intercolonial and the now almost completed National Transcontinental—it can be affirmed with certainty that the national debt of Canada has been kept within very moderate bounds indeed." (Page 2447).

It will be evident from these quotations that the credit and resources of Canada were not strained by the purchase of the Grand Trunk Pacific bonds, and that Mr. White was of the opinion that all circumstances considered the national debt had been kept within moderate bounds indeed. There was no talk on his part then of ruinous Railway policies of the Liberals. As a matter of actual fact, so long as things went well with Mr. White he had not a word to say and not a charge to make against his predecessors in office. It was only when the finances of the country got into a mess, due entirely to the riotous extravagance of the Government, that he adopted the old cry-baby argument.

The important question in the whole matter is whether the arrangement made by the Liberal Government, as amended by the Conservative Government for the construction of the Grand Trunk Pacific Railway is a good one. Boiled down, what is it?

1. A guarantee of three per cent. of the bonds of the Railway Company to the extent of 75 per cent. of the cost of construction of the road plus a further guarantee of bonds to the amount of \$16,000,000, this later guarantee being given by the Conservatives.

2. Loans to the amount, first of \$10,000,000 by the Liberals and \$15,000,000 by the Conservatives, secured by a second mortgage on the road itself, and by a guarantee of the parent Company, the Grand Trunk Railway.

3. A payment in cash of \$5,000,000, the difference between the selling price of the bonds and the par value.

So far then the country has only paid \$5,000,000 in cash, and in all human probability, even if our great West makes only fair

progress, the guarantee of bonds and loans made will not cost the Government anything. When the Grand Trunk Pacific is completed, its total interest charges on bonds and loans will be in the neighborhood of \$3,500,000. Surely a small sum when the extent of richness of the territory through which the railway runs is considered. In passing we might mention that the territory covered by the Grand Trunk Pacific is much more fertile than the territory served by the Canadian Pacific Railway. Most well informed men in Canada believe that after the great war is over, there will be a large influx of immigration to the West from the warring countries for the reason that many of the common people over there will not feel inclined to stay at home and pay the crushing burden of taxation which will be necessitated by the war. The United States had tremendous immigration as a result of the Franco-Prussian war and Canada is likely to benefit by a repetition of it after this war. We have too great faith in the future of our country to hold the belief that this great railway running through the most fertile belt of the Great West, and which is magnificently built to transport at the lowest possible cost, will be other than a great success.

When the bargain made by the Liberal Government for the construction of the Grand Trunk Pacific is compared with the price paid by Canada for the Canadian Pacific Railway, which was \$63,000,000 in cash and millions of acres of land, worth from \$400,000,000 to \$500,000,000 now, it will, we think, be generally admitted that Canada made a good bargain indeed.

It is apparent also—and to this we direct special attention—that the Canadian Northern Railway, which is championed by the Conservative Government, has been given far better and more generous treatment than the Grand Trunk Pacific. Apart from bond guarantees and loans which will ultimately not cost the Government anything, the Grand Trunk Pacific has got \$55,000,000 in cash as against \$22,500,000 given by the Conservative Government to the Canadian Northern Railway.

The Hon. Mr. White has made a great fuss over the decision of the Privy Council of England in regard to the implementing clause in the Grand Trunk Pacific contract to which we have previously referred herein, and quite naturally he has unqualifiedly blamed his predecessors for the result. In this respect, we quote hereunder the opinion given in writing by Mr. Newcombe, the Deputy Minister of Justice who was the official legal advisor of the Liberal Government as he is of the present Nationalist-Conservative Government: (Vide Hansard 1911-12, Page 3066.)

“In reply I beg to state that in my opinion that method of implementing is still open to the Government. In the first place, I think that the whole transaction shows that there was no intention that the Government should pay cash otherwise than as expressly provided, and it is my opinion that under the legislation and agreements, the Government has not the power to pay the deficit in cash as proposed by the Company.

"Then, Section 5 provides that the company is to implement its guarantee so as to make the proceeds of the said bonds so to be guaranteed a sum equal to seventy-five per centum of the cost of the construction of the western division, ascertained as provided in the said contract but not exceeding in respect of the Prairie section \$13,000 per mile. It will be seen that the method of implementing proposed by the company would not fulfil the object for which the implementing was to be undertaken, that is to say, it would not make the proceeds of the bonds a sum equal to 75 per cent. of the cost of construction, &c., while the other method would comply with this requirement to the letter.

"Again, the recital of the implementing clause in the mortgage schedule can hardly be taken to have had any other object than to account pro tanto for the amount of the issue to be made under the mortgage, and we know as a matter of fact that there was included in that amount the sum of \$4,255,125 in respect of bonds to implement on a basis of 92½ per cent.

We would repeat also that the contention of the Liberal Government to the effect that the implementing clause meant that such implementing as might be necessary would be by way of an additional issue of Government guarantee bonds and not in cash, was unanimously sustained by the Supreme Court of Canada, the highest Court in the land. If law can be termed a science, there is no science more inexact. In this case, we have the opinion of the official legal advisor of Canada and the unanimous opinion of the whole of the seven judges of the Supreme Court of Canada on the one side, and the opinion of the Privy Council in England on the other.

Apart from the legal aspect of the question, it is well worthy of careful note that the amount paid to the Grand Trunk Pacific in cash, which was \$4,994,416, actually was utilized in the construction of the railway, and that is all the cash that has been paid by the Government to the Grand Trunk Pacific in connection with the construction of the road. The Hon. Mr. White yelled himself hoarse in Parliament over that payment and yet, with the greatest complacency in the world, he paid to his special favourites, the Canadian Northern Railway, over four times that amount in cash, without being obliged, as in the Grand Trunk Pacific case, to do so under legal process.

To conclude, Mr. White has failed to make out his case and the facts herein recorded show that as Finance Minister he has allowed his colleagues to be reckless and prodigal in their expenditures.

MAKING THE MESS WORSE

Having got the finances of the country into a mess largely by his own extravagance, being faced with a deficit of \$60,000,000 on

last year's operations and of \$80,000,000 on this year's, the Hon. Mr. White announced to Parliament on February 11th, 1915, that he proposed to raise from \$30,000,000 to \$35,000,000 more revenue by direct taxation, and by increasing the customs tariff.

Let it be thoroughly understood that the imposition of this added burden would have been wholly unnecessary had the Government acted as prudent business men and exercised reasonable economy. It is very questionable, too, whether or not these direct taxes will prove to be the revenue producers they are expected to be. For instance, increased postage rates. It will be remembered that when the postage rates, prior to 1898, were as they are now proposed to be, namely 3c. on letters mailed to places away from the point of mailing, and 2c. on drop or city letters, there was an annual deficit in the operations of the Post Office Department of about \$800,000.

In his budget speech of 1896, the Hon. George Eulas Foster, then Finance Minister, said:

"There is now a deficit of nearly \$800,000 between the total receipts and the total expenditure of our post office service, and this, I fear, makes the time somewhat distant when what otherwise might be fairly asked for can be granted, that is a reduction upon the postage rates in this country."

Sir William Mulock, believing that the best way to increase postal revenue was to cheapen postage rates, promptly reduced the letter rates from 3c. to 2c. and from 2c. to 1c. The immediate result of these reductions was a rapid increase in postal revenue, in fact, as years went on, the revenues became buoyant and surpluses running up as high as \$1,000,000 per annum took the place of the era of deficits under the high postage rates.

We very greatly fear that history will repeat itself, and that the increased postage rates will mean a reduction of revenue rather than an increase. The mails are now largely used in cities for advertising by letter and circular under the 1c. rate, and it may be that the doubling up of that rate will tend to make advertisers use hand delivery for their distribution of advertising, and they may also use newspapers for advertising instead of the mails. The doubling up of the rate on post cards will undoubtedly affect the picture postal traffic, which is a very considerable source of postal revenue.

These direct taxes are expected to yield at the most only \$10,000,000. By far the major portion—\$20,000,000 to \$25,000,000 of the expected increase in revenue is to be raised from customs duties, and it is to this method of taxation that we wish particularly to address ourselves. The proposals are to make a horizontal increase in the customs dutiable tariff of $7\frac{1}{2}\%$ ad valorem under the general and intermediate tariffs, and 5 per cent. under the British Preferential Tariff, and to make these rates applicable also to goods now on the free list. There are a number of items in the tariff, both dutiable and free, which are exempted from the application of the increased and new rates.

INCREASED TARIFF A HUGE BUNGLE.

After careful study of these tariff proposals, we are convinced that they constitute one of the gravest blunders in Fiscal Policy ever committed by any statesman or government in the history of Canada. Not only will the proposals, in all probability defeat their avowed sole object, that of raising more revenue, but they will impose heavy and unnecessary burdens on the people without benefitting the Treasury. **Unfairly using the necessities of the nation as their excuse, the Government have craftily, and without warrant, request or agitation, added to the protection of the manufacturers and other producing classes, the effect of which will be to increase the cost of living, already generally considered to be too high. A more shameful abuse of power and a greater disregard of the interests of people could scarcely be imagined.**

The London Economist—generally recognized as one of the greatest and most reputable Financial journals in the world—accurately described the new tariff proposals in the following language:

“We are strongly of the opinion that this addition to the cost of living in a new country where the prices are already very high will cause much hardship and discontent. Many of these taxes are protective, so that the revenue secured will be much less than the burden imposed upon consumers. But in Canada manufacturing interests are powerful enough to extract advantage even from the embarrassments and difficulties of the nation.”

Along the same line the Investors' Review of London says:

“We think it a pity the people of Canada should be further handicapped by indirect taxation, which is more profitable probably to the trader and manufacturer within the Dominion than to the treasury. Discontent with the tariff is deep enough in the West already.

A “better way of raising revenue might surely have been found by men of courage.”

Sticking straight out of the tariff proposals of the Government are the following undoubted facts:

1. They constitute a direct and serious blow to British Trade.
2. They will produce a molehill of revenue to the Dominion and a mountain of burdens to the people in the shape of enhanced prices on goods produced in Canada from which the Dominion revenues will not benefit.
3. The new tariff has a bearing upon and affects the selling price of all classes of goods with few exceptions, but the Dominion revenue only benefits from the imported goods.
4. If we assume that the minimum production in Canada is only treble the amount of the goods imported, it will be seen that if the new tax raises \$25,000,000 more revenue from imported goods, a very much larger sum will be paid by the people in the way of

enhanced prices on goods produced in Canada without benefitting the Dominion Treasury. In other words, the Finance Minister says: "I will take a dollar more for war from the consumer, and as a consequence and result of my doing so I will let the favoured interests take \$3.00 from him."

5. The new tax is declared to be a war tax for revenue purposes only and yet by means of it manufacturers, who had not asked for more protection, have had their protection in every case materially increased and in many cases very substantially so.

6. On many articles, particularly clothing, the tax brings the rates of duty up to 40 and $42\frac{1}{2}\%$, which are practically prohibitive. Examples of these are as follows:

	General Tariff Rate.
Shirts, socks and stockings.....	$42\frac{1}{2}\%$
Woollen blankets.....	$42\frac{1}{2}\%$
Woollen cloth for men's wear.....	$42\frac{1}{2}\%$
Undershirts, drawers and other knit- ted goods.....	$42\frac{1}{2}\%$
Hats and caps.....	$42\frac{1}{2}\%$
Gloves and mitts.....	$42\frac{1}{2}\%$
Collars and cuffs.....	45%
Combs.....	$42\frac{1}{2}\%$
Boots and shoes.....	$37\frac{1}{2}\%$
Clothes wringers.....	$42\frac{1}{2}\%$
Printed, dyed or colored cottons.....	40%

The imposition of these high rates, coupled with success in the widespread "Made in Canada" movement, surely means that imports will be curtailed, and to the extent that they may be lessened the revenue will not only not gain anything from the war tax, but will lose the ordinary duty which has averaged about 27c. on the dollar.

7. The war tax looks small, only a mere $7\frac{1}{2}\%$ or 5% as the case may be, whether under the preferential or general tariffs. It may surprise you, however, to know that the average rate of duty heretofore imposed on all goods dutiable or free entering Canada was 17% . The new tax, therefore, means increasing the rate to over 23% or an increase at the rate of $33\frac{1}{3}\%$.

A SHAM ARGUMENT.

The Finance Minister, with a child-like innocence, gravely asks Parliament and the people of the country to believe that because he puts a tax of $7\frac{1}{2}\%$ on raw materials he is justified in putting a similar tax on finished products. A fourteen year old child would understand that raw materials are of very much less value than the finished articles made therefrom, and that the same rate of taxation being applicable to both must necessarily give the maker of the finished article more protection.

Let us see how the proposals actually work out. There are three classes of manufacturers in Canada.

(A) The best class consists of those making goods produced entirely from native raw materials. These industries may be termed natural ones native to the country, by reason of the existence of their raw material in Canada. This category would include meat packers, canners of meats, fruits and vegetables, manufacturers of cereal and breakfast foods, manufacturers of pickles, biscuits and food stuffs generally, manufacturers of cement, bricks, tiles, coarse pottery, stone, starch, glue, graphite, mica, plaster compounds, paper and all manufacturers of wooden ware, also all manufacturers using as their raw materials native ores or metals.

(B) Those manufacturing goods produced partly from native and partly from imported raw materials. In this class we would place boot and shoe manufacturers, distillers, and manufacturers using as their raw materials iron and steel in semi-finished condition. It also includes the large steel making industries of the country who are obliged to import most of their supplies of iron ore.

(C) Those making goods produced almost entirely from imported raw materials. Such as manufacturers of cotton and woollen goods.

Take the manufacturers in Class A to which we have referred. It is as clear as daylight:

1. That inasmuch as their raw materials are produced almost entirely in Canada, the Dominion revenues will not benefit by the war tax which is levied only on materials imported.

2. That where, as is often the case, the manufacturers own or control their own supplies of raw materials they will not be affected by the war tax directly or indirectly.

3. That where the manufacturers have to buy their raw materials from Canadian producers they may have to pay enhanced prices as an indirect result of the tax on similar material if imported, but the Dominion revenues will not benefit at all therefrom.

4. That while the Dominion revenues will not get any money through the tax on raw materials, the manufacturer will be at liberty to increase the selling price of his finished product by the amount almost of the war tax without benefit to the Dominion revenues, but the consumer will have to pay the piper.

5. That in the numerous cases where the manufacturer owns or controls his own raw materials in Canada they will cost him no more, yet the manufacturer, knowing that the goods he manufactures cannot be imported without paying the tax, can increase his prices almost to the amount of the tax without benefitting the Dominion Treasury. In other words, he is being made a clean present of $7\frac{1}{2}\%$ or 5% (according as his competition comes from England or not) more protection.

6. That the effect of the extra tax of 5% or $7\frac{1}{2}\%$, as the case may be, is to impose an additional handicap on the imports of the finished article into Canada.

In many cases, the tax on the top of the ordinary duty makes the total rate prohibitive. Bear in mind that every dollar's worth of goods shut out from importation by the imposition of this tax means a loss not only of the tax but of the previous duty which

averaged about 27c. on the dollar. It is therefore very probable that there will be substantial loss in revenue instead of increase, through the operation of this unscientifically applied war tax.

Practically the same reasoning as above set forth applies to the manufacturers in Class B, to which we have referred, except that the Dominion revenues will benefit by the tax on such raw materials as are imported, and the additional protection to the manufacturer is lessened by the small amount he pays on the raw material.

Manufacturers of Class C will pay $7\frac{1}{2}\%$ on their imported raw materials which, taking the average of such industries, would represent about one-third the value of the finished product, and they get in return $7\frac{1}{2}\%$ additional protection on the full value of the finished product. If we take the value of the finished product to be \$1.00, the duty on raw materials would be $7\frac{1}{2}\%$ on about 33c. or $2\frac{1}{2}$ c., and the extra protection on the finished product amounts to $7\frac{1}{2}$ c., so that the manufacturer gains 5c. on the dollar, which the consumer will have to pay without benefitting the Treasury. Put in another way, the State gets $2\frac{1}{2}$ c. and the manufacturer 5c. If the manufacturer's competition comes from England, his extra protection will be $2\frac{1}{2}$ c. on the dollar.

True it is that in all cases the manufacturer will have to pay an extra duty of 10c. a ton on his coal, but in these days of electrical power development, coal is a negligible item of expense to most manufacturers' institutions.

The Folly of It.

The folly of the taxation under the guise and plea of war necessities is perhaps best illustrated by its effect on the people in regard to their food stuffs. As every Canadian knows, we are a food producing country. We can and practically do produce all our requirements for home consumption. The imports are trifling. The war tax on the imports, assuming they keep up, will, therefore, not realize much, and the effect will likely be to diminish imports with corresponding loss of revenue rather than increase. The Dominion treasury will also not benefit by the tax on raw materials in the shape of cattle, hogs, sheep, grain, vegetables and fruits because very little of these raw materials are imported. But the large meat-packers and cannery who produce foodstuffs, knowing that imported foodstuffs have to pay the war tax are at liberty to increase their prices to the Canadian consumers on all the foodstuffs produced by them in Canada. Attempts may be made to show that the farmer will benefit by the increased prices, but it is well known that the meat packers, cannery, middle men and large buyers practically control the prices paid to the farmers for cattle, hogs, sheep, vegetables and fruits, butter and cheese, etc.

Thus we see that the war tax on foodstuffs means a molehill of revenue to the Dominion and a probable mountain of burdens to the people in the shape of enhanced prices upon foodstuffs produced in Canada, without benefitting the treasury.

Over in England, a free trade country, the Government finds it almost impossible to keep the price of foodstuffs down. Here in Canada our Finance Minister is only interested apparently, in raising prices to the detriment of the consumer and not for the benefit of the Dominion revenues.

It does not lie in the mouths of Conservatives to argue that duties on foodstuffs do not afford protection. In the Reciprocity campaign they strongly objected to the removal of such duties.

Moreover, the fact that the Government exempted wheat and wheat flour from the operation of the tax is strong evidence that they believed the tax on these articles would affect the consumer.

The Government even went to the length of putting the war tax on infant's foods, which are nearly all imported, but we do them the justice of saying that they repaired their mistake when it was pointed out.

HIT THE RAILWAYS HARD.

The Railways of the country have probably been hit harder by the depression in trade which arose before the war and which has been seriously aggravated since it broke out, the bad results being seen in the tremendous shrinking of railway earnings and substantial decline in the values of railway stocks and bonds. So bad is their condition that the railways have united in an appeal to the Railway Commission for a general increase in freight rates. The Government are officially opposing the granting of any increase in freight rates and at the same time they have hit the railways a hard blow by increasing the duty on bituminous coal by 10c. a ton, which will mean an increased charge on the railways of about \$1,000,000 a year.

NEWSPAPERS FAVORED

An examination of the list of exemptions from the war tax shows that the Government was very careful not to tread on the toes of the newspapers. Nearly all the items in the tariff in which the newspapers are specially interested, such as printing paper, matrix paper, photographs for press, type casting and type setting machines, news printing press, are exempt from the operation of the war tax.

THE RULE OF THUMB.

In framing his Tariff proposals, Hon. W. T. White evidently proceeded by the rule of thumb. He simply took a percentage rule and cut off $7\frac{1}{2}\%$. He made no attempt to work out the proposition scientifically. He evidently never stopped to consider whether many articles not produced in Canada, and therefore, necessary to be imported, could not have stood a higher tax; whether it would not have been better to make the tax an undulating one, and to make it apply chiefly on articles of universal consumption so as to ensure the greatest amount of revenue; whether a lower tax on some articles would have brought about greater revenue. He apparently gave no attention to the question that a flat increase such as he proposed might make (as it actually does) the total rates so high

as to discourage importation and consumption—thereby defeating the sole object of the tax—to get more revenue. He entirely overlooked the cardinal fact that a war tax should be single in purpose and effect, not double barrelled—one barrel for the revenue and the other for protection. Then again he lost sight of the fact that by increasing protection he was creating new vested interests.

It is, we believe, a fair statement to make that there never was a time when the Canadian manufacturer less needed more protection in competition with others in the home market. The handicaps in the shape of higher shipping freights, and marine insurance and lessened production which are operating to the serious disadvantage of British manufacturers, correspondingly operate to the advantage of the Canadian manufacturer in his home market. Then, too, the export trade to Canada from Austria-Hungary and Germany, which amounted in 1914 to \$14,586,000 from Germany and \$1,773,000 from Austria-Hungary, is entirely shut off and the most of it can with proper enterprise be captured by the Canadian manufacturer. The hard times have also brought about a lowering in wages to the labouring man and a surplus of labour.

To do the manufacturer justice, he has not, apparently, asked for more protection. It has been thrust upon him ill-advisedly as we firmly believe.

BRITISH TRADE TORPEDOED.

The Finance Minister can scarcely be forgiven for laying unpatriotic and unholy hands on the preferential tariff. Apart from any other consideration, it appears a poor return to the Old Mother Country for what she is doing for us in this crisis in the world's history. What is she doing for us?

(A) Protecting our commerce on the seas throughout this fearful war.

(B) Advancing us money to pay for our war expenditure.

(C) Placing all the orders with our manufacturers for war materials that they can possibly fill. Without these orders manufacturing would be at a very low ebb.

(D) Her financiers have advanced us money to meet our ordinary expenses so far as we have made demands upon them.

In return what are we doing? We simply say to the Old Land we propose to tax your goods \$5.00 more on every \$100 and at the same time we will leave similar goods in large part produced by ourselves, and previously substantially protected, free from this taxation. In other words, an additional handicap is placed upon British manufacturers and traders now doing business in Canada in competition with Canadian manufacturers. Such a serious blow to British trade could not have been inflicted at a worse time for Great Britain. The conditions brought about by the war have tremendously handicapped her manufacturers and traders in their shipments abroad. Freights are much higher, due to the dangers of sea warfare, and the demand for shipping owing to transportation of troops; marine insurance is greatly increased, and production

has dropped off on account of the enormous enlistment of the working classes in Britain. The result is shown in her trade with Canada.

For the eight months to the end of November, 1914, the total imports entered for consumption from Great Britain amounted to \$63,766,113, as compared with \$93,995,791 for the eight months ended November, 1913, a falling off of \$30,000,000 or almost one-third of the total trade. Yet this is the psychological moment the Finance Minister selects to put an extra tax of \$5.00 per \$100 on British goods, the effect of which, no doubt, will be to bring about a still further diminution in her rapidly diminishing trade.

This is the Teuton-like action Canada adopts towards British trade, when British manufacturers and traders are struggling to keep their heads above water. A Customs torpedo is fired at them and—mark you well—fired by the political party that has ever made a parade and glittering show of its ultra-loyalty. A Customs torpedo for British Trade and rotten boots for the Canadian soldier fighting for the Empire! Sir George E. Foster, the Minister of Trade and Commerce, exerts himself on the one hand to get British orders for war materials for Canadian manufacturers, and on the other he joins with the man who dispossessed him from the Finance portfolio, in saying, "All British goods hereafter imported into Canada shall pay \$5.00 more tax." Verily Tory loyalty manifests itself in strange ways!

CONSERVATIVES ALWAYS AGAINST PREFERENCE

We give the Conservatives credit, however, for consistency. They denounced the preference from the very beginning, spoke and voted against it in Parliament, shouted against it on the hustings and now they do their best to kill it. Do you want proof? Well here it is.

In 1892 Mr. McNeill, a prominent Conservative, moved the following resolution in Parliament:

"Resolved that if and when the Parliament of Great Britain and Ireland admits Canadian products to the markets of the United Kingdom upon more favourable terms than it accords the products of other countries, the Parliament of Canada will be prepared to accord corresponding advantages by a reduction in the duties it imposes upon British goods."

To that motion an amendment was made by the Liberals, reading:

"In as much as Great Britain admits the products of Canada into her ports free of duty, this House is of the opinion that the present scale of duties exacted on goods mainly imported from Great Britain should be reduced."

The Conservative motion was carried and the Liberal amendment defeated by a straight party vote.

When the Liberal tariff was introduced in 1897 with the British preference as its chief feature, Sir Charles Tupper, the Leader of the Conservatives, declared that it meant the ruin of the manufacturers of Canada.

The Conservatives while stigmatizing the preference as a myth, a sham and a fraud on the British people, never formally moved against its adoption by Parliament. Probably because they did not have the courage of their alleged convictions. They were, however, forced to declare themselves on the question at the Session of Parliament held in 1900. Dr. Russell, a Liberal member of Parliament, moved an amendment on the motion to go into supply which was in the following terms:

"That this House regards the principle of British preference in the Canadian customs tariff as one which in its application has already resulted and will, in increasing measure, continue to result in a material benefit to the Mother Country and to Canada, and it has already aided in welding and must still more firmly weld together the ties which now bind them and desires to express its emphatic approval of such British preference having been granted by the Parliament of Canada."

After a long debate the vote was taken which resulted in the Conservative party unanimously voting against the amendment. Speaking in Parliament in 1902 (Vide page 1499, Hansard), Mr. Blain, a prominent Conservative spoke as follows:

"I hold that the tariff should be so arranged that every institution in this country which is manufacturing goods to be consumed by the Canadian people should have sufficient protection to keep out the same class of goods made in any foreign country, and I have no hesitation in saying that if that country should be England, the policy of Canada should be framed in the interests of the Canadian taxpayer as against people who are producing the same class of goods even in the Old Country under the same flag."

LIBERALS STRONGLY OPPOSE CONSERVATIVE PROPOSALS.

Needless to say, the Liberals in Parliament very strongly opposed this unfair treatment of British trade. Sir Wilfrid Laurier, in a speech of great power, condemned it unsparingly.

"Mr. Speaker," said he, **"Germany having failed to crush France, having failed to crush Russia, understands that if she wins at all it can only be in one way, and that is by ruining the trade of Great Britain. If she can ruin the trade of Great Britain, she can hope for success; but unless she is able to dislocate the trade of Great Britain, her hope of success is gone. Therefore Germany**

has adopted new tactics, and one of her tactics is to destroy the trade of Great Britain. She has surrounded the British Isles with a cordon of submarines with instructions to pounce upon every ship that comes in or goes out. To-day we learn that three ships have been sunk in that way. On top of all this, all the trade that may escape the submarines and reach its destination in Canada will fall under the taxation scheme of the Canadian Government. Is this what we had reason to expect? Is this the policy which my hon. friends ought to have adopted under such circumstances as those with which we are now confronted? When the policy of decreasing the duties on British goods was adopted in 1897, it was adopted as a bond of union as well as an economic measure, and everybody will agree that it has been reasonably successful. It has increased our trade with Great Britain in such a way as we never expected it would; it has more than doubled our imports; it has more than quadrupled our exports; and under it Canada has been prosperous as she never was before at any time in her history.

"I am well aware that this policy never was popular with a certain large section of the Conservative party. They never dared attack it openly; they waited for their opportunity. If we were not in war times, if we were living now in the times of peace, I would remind these gentlemen opposite that that policy contributed in no small degree to the era of prosperity which it was the good fortune of the Liberal party, under Providence, to bring to this country. I would remind them that four years ago, when we wanted, not to let well enough alone, but to make well enough better than it was, when we wanted to improve our trade relations with our neighbours in the United States, one of the arguments of our opponents was that free trade with the United States meant prevention of freer trade with Great Britain. I would remind them that there are only two countries with which we trade to any great extent: Great Britain and the United States; and I call the attention of the House to the strange conduct of the victorious party who four years ago would not let us sell to the United States and who this year will not let us buy from Great Britain.

Sir Wilfrid concluded by moving the following amendment:

"That Mr. Speaker do not now leave the Chair, but that it be resolved:

"This House is ready to provide for the exigencies of the present situation and to vote all necessary ways and means to that end, but it regrets that in the measure under consideration duties are imposed which must be

oppressive upon the people whilst yielding little or no revenue, and that the said measure is particularly objectionable in the fact that instead of favouring, it is placing extra barriers against Great Britain's trade with Canada, at a moment when the Mother Country is under war strain unparalleled in history."

This Liberal amendment, and particularly that part of it referring to the Preferential Tariff, greatly angered the Government. The Finance Minister and the Premier both delivered fiery, wrathful speeches and a sorry job they made of it. It would have been better for them to have maintained silence because their speeches showed a lamentable ignorance of the subject.

One of the two principal points made by them in reply was that the preference in favour of Britain was actually increased by their proposals. They illustrated this as follows:

"Take an article formerly subject to 20% duty under the Preferential Tariff and 30% under the General Tariff. This gave the Britisher an advantage of 10%. We have raised the Preferential rate to 25% and the General rate to 37½%, so that the Britisher gets a preference of 12% or 2½% more than he had."

Looks plausible, doesn't it? But let us analyze.

In the first place, the Government loses sight of the cardinal principles underlying the preference as promulgated by the Liberals, which were:

1. To make the rates against British goods reasonable, so that the British trader would have a fair opportunity to compete in our markets with the home manufacturer.

2. To benefit the Canadian consumer by lower rates of duty which would bring about fair competition.

Both these principles are absolutely set at naught by the Government proposals.

The increased rates under the British preferential tariff are not reasonable and they will tend to shut out imports from Great Britain, thereby not only hurting British trade, but minimizing competition in the Canadian market, to the disadvantage of the consumer—and without corresponding benefit to the Dominion Treasury. In a word, all goods imported from Great Britain hereafter will pay \$5.00 more customs duty on each \$100 worth and to that extent the British trader is further handicapped in competition in the market with the home manufacturer.

The next principal ground of reply was that the Liberals had largely destroyed the preference by increasing the preferential tariff rates in 1907. They quoted half a dozen or so (they could not find many more) important articles upon which the preferential tariff rates had been increased, and basing their case on them, they gravely contended that the Liberals had seriously reduced the ratio of preference in favour of British goods. Unfortunately the Premier and his Finance Minister were woefully misinformed. Their tariff

adviser, formerly the tariff expert of the Canadian Manufacturer's Association, probably led them astray. The actual facts in this matter are that prior to the revision of the tariff in 1907 the preference consisted of a flat reduction of $\frac{1}{3}$ from the ordinary tariff rates. This was found to work hardship in some cases and to be unscientific, and so it was decided to make a separate preferential rate for each item in the Tariff. It is true that the preferential rate was increased on a number of items, but it was likewise decreased on a great many items. For instance, where the old rate was $\frac{1}{3}$ off 35%, making it 23 $\frac{1}{3}$ %, the new rate was made 25% or 22 $\frac{1}{2}$ % and in some cases as low as 20; where the old preferential rate was 16 $\frac{1}{3}$ % it was brought down to 15% in many cases, although sometimes it was raised to 17 $\frac{1}{2}$ %. The policy of the Government of the day was to harmonize things as much as possible without disturbing the ratio of preference to any material extent.

Obviously, the only fair way to test the point is to find out the average rate of duty charged on all importations made under the preferential tariff prior to the change and subsequent thereto. The first full year before the change was 1906, the average rate of duty under the preferential tariff for that year being \$20.60 per \$100. In 1908, the first full year after the change, the average rate was \$20.71 or an increased rate of only 11c. on \$100. For 1909, the rate was \$21.03; 1910, \$21.09 and in 1911 it got down to \$20.55. Taking the average of the four years, 1908, 1909, 1910 and 1911 the rate was \$20.84 as against \$20.60 for the year prior to the change, so that the increase caused by the change of 1907 was only 24c. on \$100 or $\frac{1}{4}$ of 1%. Thus is another Tory bubble burst!

Lest the Tories may not believe these results, we quote hereunder the figures taken from the Trade and Navigation returns, and ask them to check the calculations.

Imports Entered for Consumption under Preferential Tariff.

	Value.	Duty.	Average Rate of Duty.
1906.....	\$54,164,102	\$11,158,853.00	20.60
1907.....	48,352,437	10,015,578.44	20.70
1908.....	70,880,829	14,678,836.87	20.71
1909.....	54,077,011	11,372,520.65	21.03
1910.....	70,710,673	14,914,297.36	21.09
1911.....	82,806,997	17,015,179.56	20.55

Relative to the point raised by the Government that their war tax proposals actually increase the ratio of preference in favour of British goods, it probably never occurred to the Government that if the ratio of preference be made unnecessarily large it might be disadvantageous. This was well illustrated in the case of the preference granted by Canada in favour of West India raw sugar. The Canadian refiner and the West India planter quarrelled over the prices based on the preference. A Royal Commission appointed by the Imperial Government, after investigating the subject, reported

that the ratio of protection was too great and suggested a reduction—the suggestion being given effect to by our Government.

The British preference before the imposition of the war tax, meant, roughly speaking, an advantage to British traders over their foreign competitors in the Canadian market of about \$9 or \$10 on every one hundred dollars worth of dutiable goods. For instance, if the duty was 35% against the United States, the preferential rate is 22½% or 25%. If it was 30% against the United States, the preferential rate was 20% and sometimes 17½%. We think we are fair in taking nine to ten dollars on one hundred dollars as the actual advantage to England on the principal articles imported.

Now that was a very substantial advantage and quite sufficient, we believe, to enable British traders to offset and overcome the natural advantages in our markets which the United States trader has by reason of contiguity and similarity of market. As a matter of fact, one of the principal reasons which actuated the Liberal Government in establishing the preference was the great decline of British trade with Canada due almost entirely to the great advantages which the United States had in selling to us—through nearness to us and on account of the fact that the habits, fashions, styles, modes of living, manufacturing processes, etc., are similar on this continent. The Liberal Government legislated not only to overcome these disadvantages against British trade so as to place it on at least a parity with United States competition but to give to the Britisher a little the best of it. To say that the legislation successfully accomplished its purpose is to state the actual truth, which can be abundantly verified by the trade returns showing substantial and steady increases every year in British imports to Canada.

Year.

1897 (Last year prior to abolition of preference.)	\$29,412,188
1903.	58,896,901
1908.	94,959,471
1911.	109,936,462
1913.	138,761,568

Judging by these results, the preference was evidently sufficient. If it were greater in its ratio than necessary, who would benefit by it? Might it not be that the British manufacturer, keen trader that he is, might want to pocket the excess just as the West India sugar planter wanted to do?

No request was ever made by Great Britain for a greater preference nor were any representations made that the preference was not great enough. On the contrary, the business men of the Mother Country realize that the Liberal preference was generally speaking quite sufficient to give him a fair advantage over their foreign competitors in this market. The British trader would, of course, welcome at any time a lowering of the protection afforded by home manufacturers, but that is exactly what the Canadian Conservative Government is not prepared to do. On the contrary, they have increased the protection by \$5 in a hundred.

A HUGE GIFT TO DISTILLERS PREVENTED BY LIBERALS.

Thanks to the vigorous criticism of the Liberals, the new tariff was rid of a few of its worst evils though many still remain. Take spirits for instance. Before the war the import duty on spirits—whiskey, brandy, gin, etc.—was \$2.40 per gallon. The excise duty on spirits produced in Canada was \$1.90 per gallon. The Canadian distiller therefore had a protection of 50c. a gallon but he had to pay a duty of 1c. per pound on his malt and also duty on his bottles. In August last, the import duty was raised from \$2.40 to \$3.00 per gallon, an increase of 60c. and the excise duty from \$1.90 to \$2.40, an increase of 50c. So that the protection of the Canadian distiller was increased by 10c. a gallon. He, however, had the duty on his malt raised from 1c. to 3c. per pound. The Finance Minister left us to assume that the extra import duty on the malt was equivalent to the extra protection on spirits, but he submitted no evidence that that was the case.

In February, 1915, the Finance Minister further increased the import tax on spirits by $7\frac{1}{2}$ c. ad valorem under the General tariff and 5% under the preferential tariff, **but no corresponding or any increase was made in the excise tax.** Imported spirits mostly come from Great Britain, so the 5% rate would chiefly apply. It looks small but it really amounts to 27c. a gallon. The reason of this is that under the general customs law of Canada, the value for duty upon which the 5% had to be levied is the value of the liquor as sold for use in England, which meant the value after the high English duty had been paid. Scotch whiskey, for instance, sells in Great Britain for export to Canada at about \$1.90 per gallon. Add to that the British duty of \$3.59 and the value for duty in Canada was \$5.49, 5% of which would be 27c. a gallon.

When Sir Wilfrid Laurier directed the attention of the Finance Minister to this and pointed out that it constituted an enormous and unnecessary additional protection to the Canadian distiller who produces about five million gallons of spirits a year, Mr. White loftily replied that Sir Wilfrid had overlooked the fact that the distiller had to pay an extra duty on his coal and machinery. Piffle! Later on, Mr. White saw things more clearly, and perhaps realized that the Government could not have stood against the charge that they had, under the guise of a war tax, made the Canadian distillers, most of whom are their political friends, a present of about \$1,000,000 a year. The result was that a change was made whereby the British excise tax is disregarded in assessing the value for duty in Canada upon which the 5% Canadian war tax shall be based. This means reducing the tax from 27c. to about 9c. per gallon. Even that tax or protection more than compensates the distiller for the additional duty he has to pay on Indian corn and coal.

It was Mr. White's clear duty as Finance Minister to prove clearly that the Canadian distiller is not being benefitted by this war taxation which is intended for revenue only, not protection. The fact that he did not do so, taken in conjunction with his cleverly concealed attempt to hand the distiller a most substantial gift, is to say the least suspicious.

ANOTHER ABSURDITY.

Ever since the war broke out, the Dominion Department of Agriculture has been preaching to the farmer that the salvation of the country practically depends upon more production from the soil. Hon. W. T. White backed them up, and upon many platforms urged the gospel of production. Yet what did he do in his new tariff; he actually raised the duty on fertilizers from 10% to 17½%. In one breath he tells the farmer to produce more, and in the next he makes it more difficult for him to produce. Mr. White should have known, what is common knowledge to thinking men, namely that the intelligent use of fertilizers is absolutely essential to increased productivity of the soil. When he saw the light, through Liberal criticism, he corrected the blunder by making fertilizers exempt from the 7½% war tax. But he did not go far enough and thereby missed a great opportunity. Manifestly the proper course to have taken was to make fertilizers free. In no better way could a stimulus be given to the movement towards increased production from the soil.

SUGAR.

A Great Deception by Mr. White—More Protection to the Refiner.

Sugar is one of the most important articles of universal consumption. It is one of the prime essentials in the maintenance of human life and it is consumed in very large quantities. Every year something like 700,000,000 pounds of it are consumed in Canada, with a population of 8,000,000, which means a consumption of about 90 pounds per annum by every man, woman and child in the Dominion.

In view of such a large per capita consumption of the article, it will be obvious that anything that affects its selling price must be specially interesting to the workingman with a family.

As is generally known, sugar is produced from sugar cane grown in tropical countries and from beets grown in temperate zones. Owing to the fact that a plentiful supply of very cheap labour is necessary to the economical production of sugar beets, comparatively small progress has been made in that industry in Canada. We are, therefore, dependent upon other countries for the major portion of our sugar supplies.

The sugar is imported in the raw state, that is, in crystalized form, dark brown in colour, and is refined by our sugar refiners, whose plants are located in Halifax, St. John, N.B., and Montreal and Vancouver. The processes of refining are simple and involve the employment of little labour. They consist of boiling, purifying, and whitening the sugar. It has been stated on excellent authority that the total cost of refining sugar is not more than 50c. per 100 pounds, which includes labour, fuel, charcoal, loss in refining, depreciation, management and in fact every element of expenditure entering into the cost.

It is questionable whether the Canadian refiner is handicapped by reason of higher cost of labour to the extent of more than 15c.

per 100 pounds. He has, however, to pay customs duties on his fuel, machinery and supplies and has higher carrying charges. A fair degree of protection to him would probably be represented by 25c. to 30c. per 100 pounds.

In the Fielding Tariff of 1907 the rates were fixed to work out as follows:

	Preferential Tariff per 100 pounds.	Intermediate Tariff per 100 pounds.	General Tariff per 100 pounds.
Refined Sugar, 99°	.83c.	1.12 $\frac{2}{3}$	1.24 $\frac{1}{2}$
Raw Sugar, 96°	.52 $\frac{1}{2}$ c.	.71 $\frac{1}{3}$ c.	.83 $\frac{1}{2}$ c.
Difference between rates	.30 $\frac{1}{2}$ c.	.41 $\frac{1}{3}$ c.	.41c.

The difference between the rate of duty paid by the refiner on the imported raw sugar and the duty on the refined sugar constitutes the refiner's protection.

In 1909, a quarrel arose between the West India sugar planter and the Canadian refiner as to who should get the benefit of the preference on raw sugar. Mr. Fielding, believing the refiner to be the injured party, passed a law allowing the refiner to import 20 per cent. of his raw sugar requirements from non-preferential countries at preferential rates.

Later, a Royal Commission appointed by the Imperial Government enquired into the question and practically confirmed Mr. Fielding's judgment by recommending that the ratio of preference be reduced from 31c. to about 15c. By an agreement between the Conservative Government and the West India Colonies the 20 per cent. privilege granted to the Canadian refiner, above referred to, was abolished and the ratio of preference reduced as recommended by the Royal Commission. These changes were made by the Hon. T. White, Finance Minister, in 1913, when he fixed the rates of duties on sugar as follows:

	Preferential Tariff per 100 pounds.	Intermediate Tariff per 100 pounds.	General Tariff per 100 pounds.
Refined Sugar, 99°	83c.	\$1.07 $\frac{2}{3}$	\$1.07 $\frac{2}{3}$
Raw Sugar, 96°	40 $\frac{3}{4}$ c.	57 $\frac{1}{2}$ c.	57 $\frac{1}{2}$ c.
Difference between rates.....	42 $\frac{1}{4}$ c.	50 $\frac{1}{6}$ c.	50 $\frac{1}{6}$ c.

It will be noticed that the difference between the rates on the raw and the refined which constitutes the protection of the manufacturer was increased, but the privilege the refiner had of importing 20 per cent. of his raw sugar requirements from non-preferential countries at preferential rates was abolished. On the whole, the

new rates established by Mr. White were more beneficial to the refiner than the Fielding Tariff rates.

If the Hon. Mr. White had stopped at that, he would not be so much to blame, but at the special war Session of 1914 he actually increased the protection of the Canadian Sugar refiner in a most substantial way and did not bring it specially to the attention of Parliament. The changes made by him then in the tariff on sugar and other articles were declared to be solely for the purpose of getting more revenue, yet Mr. White took advantage of the opportunity to sneak into a measure designed solely for war revenue purposes more protection to the refiner. The evidence of this deception is clear and convincing. The new rates of duty on sugar prescribed by Mr. White in 1914 were:

	Preferential Tariff per 100 pounds.	Intermediate Tariff per 100 pounds.	General Tariff per 100 pounds.
Refined Sugar, 99°	\$1.63	\$2.07 $\frac{2}{3}$	\$2.07 $\frac{2}{3}$
Raw Sugar, 96°	1.03 $\frac{3}{4}$	1.37 $\frac{1}{2}$	1.37 $\frac{1}{2}$
Difference between rates.....	59 $\frac{1}{4}$ c.	70.c.	70.c.
Difference between previous rates..	42 $\frac{1}{4}$ c.	50 $\frac{1}{8}$ c.	50 $\frac{1}{8}$ c.
Increased protection in 1914.....	17c.	20c.	20c.

When it is considered that about 700,000,000 of pounds worth of sugar are annually consumed in Canada, the extent of this increased protection will be seen to be an enormous advantage to the Canadian refiner. It really means putting into his pocket every year anywhere from half a million to one and one-quarter of a million dollars per annum, which is a straight gift to him from the Government. A gift, too, not openly given, but sneakingly conveyed to him under the guise of the plea of raising more money for the Dominion Treasury. The average man in Canada does not object to paying his share of extra taxation for war purposes, but it seems a terrible shame that in addition to paying more taxation to benefit the Dominion Treasury, he is required to pay further moneys to the Canadian sugar refiner, which do not benefit the Treasury at all.

The Canadian sugar refiner absolutely controls the trade in Canada. Out of a total import of sugar of 704 million pounds in 1914 only 9 $\frac{1}{2}$ million pounds were refined sugar. These figures prove conclusively that the Canadian refiner has absolute control of the situation and can, and does, control the prices of sugar to the Canadian consumer. Not only does the tariff give him a great deal more protection than necessary but he controls the sale absolutely through controlling the wholesale trade of the country.

TRYING TO FOOL THE FARMER.

An amusing attempt was made to cater to the farmers by what might be termed grand stand plays, consisting of the special exemption of Indian corn, binder twine, mowing machines, harvesters, binders, and reapers, from the new war tax of $7\frac{1}{2}\%$. The tax, however, applies to ploughs, harrows, horse rakes, seed drills, wind mills, cultivators, manure spreaders, the duty being raised from 20 per cent. to $27\frac{1}{2}\%$. It also applies to hay loaders, potato diggers, fodder or feed cutters, grain crushers, fanning mills, hay tedders, farm, road or field rollers, the duty being increased from 25 per cent. to $32\frac{1}{2}\%$ per cent. Then, too, axes, hoes, rakes, pronged forks are raised from $22\frac{1}{2}\%$ per cent. up to 30 per cent. and paints from $22\frac{1}{2}\%$ per cent. to 30 per cent. and from 30 per cent. to $37\frac{1}{2}\%$ according to their quality; shovels and spades from $32\frac{1}{2}\%$ to 40% ; hose 25 to $32\frac{1}{2}\%$. All these articles are largely produced in Canada and by reason of the extra tax the price of such goods produced in Canada will be enhanced without material benefit to the Dominion Treasury.

It is, we believe, a fair statement to make, that half the raw materials entering into these articles manufactured in Canada, are produced in the country, and consequently on such raw materials the State will not benefit by the imposition of the war tax as it only applies to imported goods. Assuming that materials used in the manufacture of these articles would represent 40 per cent. of the selling price of the articles, the manufacturers would have to pay either through taxation on the imported materials or through enhanced prices on native produced raw materials $7\frac{1}{2}\%$ on the 40% value, which would be about 3c. on every \$1.00, whereas he gets additional protection of $7\frac{1}{2}\%$ on every \$1.00 on the finished articles. In other words, he is given a present in the shape of additional protection to the extent of $4\frac{1}{2}\%$ to 5% which the consumer will have to pay without benefitting the Dominion Treasury. How do you like it Mr. Farmer? Please do not forget that you are called upon to pay these additional prices, under the plea of war necessities.

But that is not all. The war tax hits the farmer on his clothing, furniture, provisions, in fact, all the necessities of himself, his family and his household—and, as we have shown, where the Dominion Treasury gets \$1.00 through the tax, the Canadian manufacturer can pocket \$3.00.

If, instead of making a foolish attempt to deceive the farmer—by sugar-coating the taxation pill—Mr. White had earnestly wanted to help him, one of the best ways of doing it would have been by giving him access for his wheat to the United States market. That would have been in harmony with the gospel of more production. The existing law of the United States—which can be taken advantage of at any time—is that if the Canadian duty be taken off wheat, the U.S. duty is automatically removed.

THE FARMERS BANK.

The Farmers Bank case is a glaring instance of the weakness of the Conservative Government. This bank failed as a result of

the recklessness and fraud of those entrusted with its management, with the result that not only did the shareholders lose every dollar they invested but there were losses to depositors aggregating \$1,200,000. These depositors, who were scattered all over the Province of Ontario, quite naturally raised strong protests. Although the failure of the bank had no connection with politics, a score or more Conservative members of Parliament and candidates made it a political issue prior to the election of 1911 and promised that if the Conservative party were returned to power the depositors would be reimbursed by the Government. The argument they advanced was that the Liberal Government should not have issued the Treasury Board certificate permitting the bank to do business.

When the Nationalist-Conservative party took Office, the matter was pressed upon them by Conservative members who had given pledges of reimbursement to their electors, but the Government were afraid to act and did nothing during the first Session of Parliament. At the second Session they appointed Sir William Meredith as a Royal Commissioner to investigate the matter. Sir William, after a very full investigation, reported in effect that the Treasury Board certificate had been issued as a result of fraudulent representations made by one, Travers, who was Manager of the bank, **but that if the bank had been prudently and honestly managed, there was no reason why it should not have succeeded; that the efficient cause of the failure of the bank was the recklessness and fraud of those entrusted with its management and not the granting of the certificate.**

It appeared in evidence that a Liberal lawyer in Toronto had protested to the Liberal Finance Minister against the issue of the certificate of the Treasury Board on the ground that notes of shareholders had been discounted to raise part of the necessary sum of \$250,000 required by law to be paid up as capital before the certificate could issue. Later, however, this protest was withdrawn. It also appeared that two Conservative members of Parliament, Sir Edmund Osler and Mr. D. Henderson, verbally informed the Liberal Finance Minister that shareholders' notes were being discounted, but they evidently did not think the matter of sufficient importance to place before the Minister in writing, nor did they raise any question about it in Parliament either before or after the granting of the certificate, which they could easily have done.

It further appeared that the Liberal Minister, with those representations in mind no doubt, called upon Mr. Travers, the Bank Manager who was then, so far as any one knew, a reputable man of considerable banking experience, for assurances that the \$250,000 had all been paid up in cash and that notes of the shareholders had not been discounted for the purpose of raising the money. Assurances to this effect were given by Travers and the Department being satisfied, the certificate issued. On investigation, it was shown that while the statement made by Travers in this regard to the Minister were, as Sir William Meredith described them, "literally true," they were deceptive, and as a matter of fact

notes of shareholders for capital stock subscribed by them had been discounted in a round about way and the cash proceeds formed part of the \$250,000. Sir William Meredith however reported that the notes so discounted were for the most part good and were all subsequently paid, so that the bank did not have its capital impaired by the discounting transaction.

The Royal Commissioner, in the light of all the evidence, expressed the opinion that the Treasury Board should have made a further investigation into the matter of note discounting, and that if the facts disclosed thereby had been the same as disclosed on his investigation, in his opinion the certificate of the Treasury Board would not have been issued. He added that there was no ground for supposing any improper influence was used to induce the Treasury Board to give the certificate or to induce the Minister of Finance to recommend the granting of it, and the most that could properly be charged against the Department of Finance or the Treasury Board was an error of judgment.

Obviously, the case was not one for Governmental action, especially in view of Sir William Meredith's express ruling that the efficient cause of the failure of the bank was the recklessness and fraud of those entrusted with its management and not the granting of the certificate.

To admit that the depositors had a claim against the Government for reimbursement was tantamount to a declaration that the Government is responsible for the honesty and capacity of all bank general managers and directors, and for all losses that may be sustained by depositors as the result of dishonesty or incapacity of bank managers. If that view were to be accepted, it would involve the carrying on of all the banking business of the country entirely by the Government.

Analyzed, the facts in the Farmers' Bank case were that a number of gentlemen got together and decided to start a new bank to be known as the Farmers' Bank. A man named Travers, who up to that time was a reputable banker, was engaged to promote and start the bank. A large number of reputable people of means throughout the country subscribed for stock in the bank, evidently having confidence in the proposed management, and paid for their stock, some in cash and others in notes, all of which were subsequently paid. While it is true that all of the \$250,000 required by law to be paid up in cash on the capital stock of the bank was not paid up in cash, part of same being the proceeds of shareholders' notes, discounted, the fact remains that the \$250,000 was in hand and was available, for the operations of the bank, and the notes so discounted were all subsequently paid, so that in the ultimate the bank's paid up capital was not impaired by the discounting process.

True it is that if the certificate had not been issued there would have been no bank and consequently no loss, but the loss was incurred, as Sir William Meredith described it, in his judgment, "through the gross extravagance, recklessness, incompetency, dishonesty and fraud of the management," for which, we submit, the Government of Canada was not responsible. The bank was simply

looted by the General Manager, who was responsible to the directors, who in turn were responsible to the shareholders, who in turn were responsible to the depositors. The shouldering of the blame by the Government meant the establishment of a most dangerous precedent and, as Mr. Nickle, Conservative M.P. for Kingston, subsequently expressed it, the establishment of an obnoxious and vicious principle. It meant the assumption of Governmental responsibility for all bank losses to depositors without the Government having control over the banks which such an assumption of responsibility would necessitate.

With the report of Sir William Meredith before it, the Government naturally was indisposed to act, and if political rumour be true, practically told its supporters that nothing would be done.

But just at that time, Mackenzie and Mann were demanding a subsidy gift of \$15,000,000 and regarding it a revolt of the Ontario members concerned in the Farmers' Bank legislation was threatened. The Government was obliged to capitulate and at the close of the session, after the \$15,000,000 grant to Mackenzie and Mann went through, Premier Borden promised that the Farmers' Bank depositors would be reimbursed.

As is well known, Mackenzie and Mann came back for further aid, this time for a bond guarantee of \$45,000,000. Another revolt followed in the Conservative ranks, and before the Government following could be brought into line, Premier Borden had again to renew his pledge to bring in legislation to reimburse the Farmers' Bank depositors. He put off till the last moment, until the Mackenzie and Mann legislation was well under way, then, in the dying days of the session, and, on the eve of the Provincial election in Ontario, the Government brought down the Farmers' Bank Bill granting \$1,200,000 of public funds to reimburse the depositors. In essence it was a measure of relief for the politicians and electors of one section of one province at the expense of all the rest of the country.

BORDEN'S GOOD FAITH QUESTIONED

But this was by no means the worst feature. The good faith of Premier Borden and his colleagues as respects the Farmers' Bank depositors has always been a matter of doubt. Their sincerity was open to question from the first. It was plain that their sole purpose was to make political capital, and to do this, if possible, in two ways. First, to reflect upon the late Government by seeking to blame the Ex-Minister of Finance, and, secondly, to curry favour with the depositors by pretending to be willing to grant them assistance. They knew that the Liberals in the Commons, in defence of their Ex-Minister, would be obliged to oppose the measure in the manner in which it was introduced, for to let it pass in that way, with the indictment made against Hon. Mr. Fielding, would have been equivalent to the Ex-Minister's condemnation for an action for which he was in no way responsible. They thought that the Liberal majority in the Senate would follow suit and that the Bill would be

- killed there, and that the Tory party would be able to tell the Farmers' Bank depositors that Liberals were responsible for its defeat, and tell their Tory financial friends, who were opposed to the measure, that the Government had counted all the time on the Bill not going through.

To expose the whole transaction, the Liberals, during the debate on the measure, moved first a six months' hoist for the Bill, and when this was defeated, they moved that the Bill should not go into force until after investigation by a Parliamentary committee into the failure of all chartered banks since Confederation. Both amendments were defeated.

CONSERVATIVE SENATORS DEFEATED THE BILL

But the climax to the whole game of political chicanery came with the defeat of the Government's own measure by the Government's own supporters in the Senate. Even while the Bill was going through the Commons there were rumours around the corridors that the Government was arranging to have the Bill killed in the Senate. These rumours were, of course, denied, but the outcome proves how true they were. When the Bill came up for second reading in the Senate, the Liberal leader, Senator Bostock, took the ground that while the Bill was objectionable as establishing an evil precedent, and unjustifiable on the grounds on which the Government supported it, yet, since no constitutional issue was at stake—and since the Bill was a money measure the majority in the elected chamber, namely the House of Commons, rather than the Senate, should assume responsibility.

Senator Power, however, took a different view and moved the six months' hoist. Then came the exposure of the Government's game. The Tories in the Senate had never contemplated that the Liberal leader would support the measure, and when he did so they were all at sea. They could not tell how many Liberals might follow his example, and they were well aware that the big financial interests were looking to the Senate for the defeat of the Bill and that it was the Government's wish, it should be killed. As so often happens, by one false move, their leader gave the whole design away.

When the vote was called, the Government leader in the Senate, Hon. Mr. Loughheed, contrary to the well established rule of the House, suggested to the clerk that the votes for Senator Power's motion of rejection be taken from the Liberal side first. The Liberal Senators promptly and properly objected on the ground that the responsibility of making the first declaration must remain with the Government side of the House. Consequently the Conservative Senators had to vote first. But they had to vote in the dark, not knowing how the Liberals were going to vote, or how many on the Government side of the House would have to vote for Senator Power's motion in order to secure the defeat of the Bill, as desired by the Government.

Eleven Conservative Senators rose to vote for the rejection of the Government's own measure. They were headed by Sir Mackenzie Bowell, an ex-Conservative Premier and the first lieutenant

of the Government leader in the Senate. When the vote against Senator Power's amendment was taken, 14 Liberals rose. The remaining 11 Conservatives in the Chamber voted for the Bill, thus dividing the Conservative membership evenly. The six month's hoist resolution was carried by a vote of 32 to 25, or a majority of 7. **It was thus carried by the votes of the 11 Conservative members who opposed the Bill. Had all the Conservatives who voted supported the measure, it would have been carried. As a member of fact, there were more Liberal votes in the Senate for the Bill than there were Conservative votes in favour of it. The onus for the defeat of the measure in the Senate rests with senators appointed by Mr. Borden himself.** Senators Corby, Daniels, Ross, McKay, Murphy, La Riviere and Curry are all personal friends of Mr. Borden, and were appointed by him to the Senate, and all voted against the Bill. Senators Sir Mackenzie Bowell, McKeen, Mount-plaisir and Bolduc are other Conservative Senators appointed since the Government assumed office and who voted against the Bill, voted with Senator Bostock and the other Liberal senators who voted against the six months' hoist, that motion would have been defeated and the Bill would have carried.

The Government attempted to deceive the Ontario Conservative members in the House interested in the measure; it attempted to deceive the depositors; it attempted to make political capital by passing the Bill in the Commons, and at the same time it planned to place on the Liberals in the Senate the onus for defeating the Bill, and secure the killing of a measure to which the financial allies of the Conservative party were opposed, and which would involve serious trouble for the Government later on. The plan in the last particular miscarried. As it has turned out, all the Government has succeeded in doing is to make enemies of the Farmers' Bank depositors, to arouse the resentment of, at least, a score of Ontario members against this attempt at double-crossing, and to emphasize once more the fact that shallow political expediency and not honest statesmanship, is the distinguishing characteristic of the present administration.

If further evidence were required that the Government was satisfied to have the Bill thrown out it would be found in their silence over the Senate's action. Usually when the Senate rejects a Government measure we hear loud talk from Government supporters about the Senate thwarting the people's will and wild threats to abolish or reform it. But not a word was said on this occasion.

LA BANQUE INTERNATIONALE DU CANADA.

In contradistinction to the attitude of the Government and the Farmers' Bank case let us see how they acted in the case of La Banque Internationale du Canada. The history of the case is as follows:

During the Session of 1911, prior to the elections, a bill was

introduced in Parliament for the incorporation of a new bank under the name of Banque du Canada. Several members on both sides of the House, knowing that in France La Banque de France is a national institution just as the Bank of England is a state institution, and knowing that the greater part of the capital subscriptions to the Bank were to come from France, objected to the name. The result was that the name was changed to La Banque Internationale, and with this change, the Bill passed the House. Later on, during the session, the provisional directors applied to the Treasury Board for the usual certificate necessary before a bank can commence business, but this was held up for good and sufficient reasons and was never issued by the Liberal Government, the application, on the change of Government, being passed on to the new Treasury Board, which, according to the records issued the certificate on October 17, 1911, directly after the present Government assumed office.

The reasons given why Mr. Fielding and the Liberal Treasury Board withheld the certificate were chiefly that it was feared the French subscribers did not understand that in Canada, bank shareholders are liable to an amount double the amount of their holdings; also there was some suspicion aroused from the fact that one of the subscribers, E. B. D'Aoust, was known to be a party who had some time previously been running a lottery in Montreal, and that he was prevented by the Government from using the Post Office in running this lottery. D'Aoust was known to have subscribed for \$2,000,000 worth of stock of the bank.

The stock subscribed was approximately \$10,000,000 in shares of \$100, on which 10%, or \$10 a share was paid. There were two groups of shareholders, a French group subscribing \$8,000,000 and a Canadian group subscribing the remaining \$2,000,000. Notwithstanding these facts the Conservative Government within a few days after taking office issued the certificate of the Treasury Board, which enabled the bank to start business. Sir Rodolphe Forget, one of their principal supporters was the prime mover in the bank, Verb Sap!

The bank had not progressed very far before it became known that the Canadian shareholders were a party to a syndicate or pool, and that they had signed agreements with the manager of the bank, setting aside their stock in the absolute control of the manager for re-sale, he guaranteeing the shareholders that they would never be called upon to pay any more than the initial payment of 10 per cent, and guaranteeing them a profit of \$10 a share, or 100%.

The annual meeting of the Bank was held in Montreal, September 3, 1912. The French shareholders, apparently having heard some rumors concerning the bank and its affairs, sent over two shareholders as representatives, accompanied by a Canadian lawyer named Archibald, who was practising in Paris. By means of some alleged irregularity in their proxies, these French shareholders and their counsel were prevented from taking part in the meeting and were actually, forcibly ejected from the room. Litigation was commenced and in fact application was made for a warrant for the arrest of the Manager of the Bank.

This litigation revealed that D'Aoust, already referred to, had acted in Paris as agent of the Canadian promoters of the bank and had apparently secured most of the subscriptions from French investors. In spite of the fact that the prospectus issued in France specifically stated no premiums would be paid on the subscription stock, D'Aoust later made demand on the bank for the payment of \$200,000 which he claimed as commission for the securing of subscriptions. This amount, it may be noted, is exactly 10 per cent of the \$2,000,000 stock subscribed by D'Aoust. The payment of the \$200,000 to D'Aoust was a most peculiar transaction. He was given cheques to this amount and he gave the bank notes in return, and D'Aoust was given a letter signed by the Manager and Inspector of the Bank stating that payments on account of premiums on the capital stock of this bank, up to the extent of \$200,000 hereafter received are to be applied in liquidation of the notes, until the same has been fully paid and satisfied. This letter also explained that the \$200,000 is advanced in consideration for and in full payment of all commission, legal expenses, organization expenses, etc., in connection with subscriptions to or sale of the stock of the bank. It was also shown that instead of showing this \$200,000 as having been paid out for the purpose explained, the statements of the bank showed the transaction as a simple loan to D'Aoust, and this piece of financing, which was really a debt paid by the bank, was shown in the Government Bank statement as a "current loan in Canada."

The representatives of the French shareholders, when they learned of this transaction, laid a complaint before a police magistrate in Montreal, which amounted to asking for a warrant for the arrest of Godfrey Bird, the manager of the bank. Mr. Justice Leet, before whom the complaint was made, took the usual course of holding a special preliminary investigation in camera. This investigation occupied several months, many witnesses were heard and the upshot was a judgement from Mr. Justice Leet, in which he said he would have been justified in issuing a warrant on the evidence before him, but that in the interests of the bank and of the shareholders, knowing a merger was soon to be made between the Internationale and the Home Bank, he had heard witnesses for the defense and had decided that he would not issue the warrant, and discontinued the hearing.

The Monetary Times of Toronto (Jan. 18, 1913) criticizing the whole affair, said "The Monetary Times is disgusted with the entire conduct of the case and with the official silence of the Department of Finance. Instead of such serious accusations having the full light of publicity, much appears to have been done to make the judicial inquiry a secret investigation, with just enough publicity to give it a brave look." This referred to the fact that while a good deal of evidence for the defense in the secret investigation was given to the newspapers, nothing was made public of the evidence of the witnesses for the complainants.

The matter was brought up in Parliament on January 27, 1913, by Hon. Rodolphe Lemieux, who moved for a return of the

minutes of the Treasury Board, and all correspondence and records. There was a long debate, Hon. W. T. White, Minister of Finance, holding that the government was in no way responsible as the general requirements of the law had been complied with when the certificate was issued in October, 1911. Sir Wilfred Laurier reviewed the case and stated that he understood that the French shareholders had paid a premium of 10% for their stock, that the stock averaged a cost of \$12.50 per share, and that it had been sold to the Home Bank, for \$5. Mr. Lemieux, made the same statement, adding that the total loss to the French shareholders in the proposed amalgamation was \$850,000.

On May 26, 1913, Mr. Lemieux put the question:

"Is it the intention of the Government to investigate the causes of the closing up of La Banque Internationale du Canada?" to which the Hon. Mr. White replied "NO."

In the Farmers' Bank case the Government not only investigated but was prepared to reimburse the depositors; in this case they would not even investigate.

This Bank Nationale case gave a severe blow to Canada. It practically meant shutting off all French capital from investment, in Canadian enterprises.

MUZZLING THE PRESS.

Not satisfied with adopting closure rules in Parliament so as to curtail freedom of speech by the people's representatives in the House of Commons, and check criticism of its policies, the Government under the direction of its political adviser the Hon. R. Rogers, has made obvious and persistent attempts to undermine the independence of the Press which quite as much as Parliament, is the people's Forum.

The control of the editorial opinion of all newspapers and to an extent even of their news columns is exercised to a degree little realized by the public.

At least three of the Ministers have a financial interest in and practically control the politics of three of the big daily newspapers in Canada.

Unmistakeable evidence of the Government's efforts to subsidize the agencies directing public opinion is disclosed by the payments to newspapers throughout the Dominion for advertising and printing which in 1913-14 were as follows:

	1913.	1914.
The Gazette, Montreal.....	\$30,234	\$154,791.03
La Patrie, Montreal.....	23,408	28,711.52
L'Evenement, Quebec.....	23,372	30,381.54
The Times, Moncton.....	21,884	22,938.35
The Telegram, Winnipeg.....	20,337	44,060.44
The Standard, St. John.....	16,133	17,059.37
The Herald, Halifax.....	13,312	7,182.20

The Mail and Empire, Toronto.....	12,641	9,561.15
The Chronicle, Quebec.....	10,975	12,587.32
The News, Toronto.....	10,165	7,667.00
The World, Toronto.....	9,067	6,722.29
The Free Press, London.....	7,799	9,148.05
The Standard, Kingston.....	7,393	6,824.55
The Telegram, Toronto.....	3,946	3,629.10
The Journal, Ottawa.....	3,835	4,941.26
The Northwestern, Winnipeg.....	3,051	2,435.62
The Gleaner, Fredericton.....	2,222	3,435.47
The Hemiskringla News, Winnipeg.....	2,167	2,275.90
The Province, Vancouver.....	1,948	1,917.80
The Journal, Edmonton.....	1,931	1,989.00
The Intelligencer, Belleville.....	1,571	3,214.93
The Orange Sentinel, Toronto.....	1,554	622.99
The News-Advertiser, Vancouver.....	1,487	2,028.05
The Catholic Register, Toronto.....	1,413	482.60
The Province, Regina.....	1,376	1,195.40
Le Devoir, Montreal.....	1,312	27.00
The Times Journal, Fort William.....	1,242	1,322.46
The Star, Montreal.....	1,139	3,674.95
The Herald, Calgary.....	1,138	1,313.67
The Courier, Brantford.....	1,081	1,959.30
The Courier, Brandon.....	1,081	
The News, Port Arthur.....	1,034	1,520.71
The Eye-Opener, Calgary.....	261	164.70

THE MORINE SCANDAL.

Out of office Sir Robert Borden professed the most high-minded and austere principles; in office he has fallen lamentably short of his professions. When in opposition he pretended to be greatly alarmed by the methods prevailing in the Government Departments resulting, as he phased it, in extravagance beyond any possible defence. If he attained power he would seriously look into the matter and effect a complete re-organization. These were his promises. What of the fulfillment?

It is almost incredible, but nevertheless absolutely true, that he appointed as Chairman of a Commission to inquire into the Government Departments a man named Morine, who was dismissed from the position of Minister of Finance and Customs in Newfoundland by the Governor-General of that colony for malfeasance in office. The particular misconduct consisted in Morine holding a retainer of \$5,000 a year as solicitor for one, Reid, and while holding it, put through the Legislature in his capacity as Minister of Finance, a contract with the same Reid under which he, Reid, profited greatly, so much so that the Colony almost rose in arms. Morine tried to wriggle out of his difficulty but the Governor-General of Newfoundland would not accept his excuses. The letter of dismissal read in part as follows:

"His Excellency is unable to accept either as regards the past or the future the propriety of the position you have taken in the letter or the assurance which you have professed to send him as to your future conduct. His Excellency is unable therefore, as the representative of the Crown in the Colony to agree to your continuance as one of its Ministers. He must therefore call upon you to resign all the offices which you hold under the Crown except that of Queen's Counsel."

In the history of British institutions there happily have been few parallel cases. There could be no greater ignominy to a public man than to be dismissed from his office as adviser to the King for misconduct unbecoming a Minister.

This fine gentleman later on shook the dust of Newfoundland from his feet, first however, entering into an agreement with the same Reid whereby he got a pension of \$10,000 a year on condition that he would stay out of the country.

Unfortunately for Canada he took up his abode here, and still more unfortunately for us he was promptly taken up by Mr. Borden himself, who approved of his candidature in the Conservative interests, against no less a person than the Liberal Minister of Finance.

All the facts were brought out in the Canadian Parliament by Mr. Carvell, M. P., Liberal member, who proved also that Morine's unsavory record was common knowledge in Canada and that because of it a written protest had been made to Mr. Borden against approval of Morine's Conservative candidature in Nova Scotia.

It is scarcely believable that Sir Robert Borden would appoint such a man to the most important position of Chairman of a Commission to reform the Civil Service. But he did it, and he admitted he was wrong in doing it by dismissing Morine after the disclosure was made in Parliament.

The commission then practically collapsed and the impression left with Parliament was that Mr. Borden was quite an ordinary politician with feet of clay.

THE NE TEMERE DECREE.

Another subject much discussed during the last election was the Ne Temere Decree. It was not discussed from the platform, but was made part of a silent campaign carried on among the Protestants with a view to prejudicing their minds against the leadership of Sir Wilfrid Laurier. It was stated that Sir Wilfrid Laurier was responsible for the Ne Temere Decree which was described as a diabolical attempt on the part of the Pope to interfere with the rights of marriage in Canada. Voters were told in whispers that the Decree was actually enforced in Canada and would result in the breaking up of homes and making children illegitimate in cases of mixed marriage, unless the Conservative party was returned to power, in which event a law would be speedily passed which

would settle the question of marriage once and for all, and show the Pope that he could exercise no authority in Canada. It was in vain that Liberal speakers pointed out that marriage being a matter coming under civil law in Canada, no foreign or religious power could alter its legal aspect, and that Sir Allan Aylesworth, Minister of Justice in the Laurier Government, expressed the opinion that the Dominion Parliament had no power in the matter one way or the other as the question of the solemnization of marriage was beyond their jurisdiction and came exclusively under the jurisdiction of the Provinces. As thousands of the electors had been led to expect that something would be done in the matter of straightening out the marriage laws and preventing the alleged Papal interference if Mr. Borden returned to power, it became necessary that some pretence at least should be made of giving effect to the pledges in this connection which had helped to return the party to power. Mr. Lancaster was accordingly permitted to introduce a bill in the House to provide that all marriages celebrated by any legal authority, should be considered valid anywhere in Canada. If this bill had been allowed to pass it would have put Mr. Borden and his Minister of Justice in the position of not understanding the powers assigned to the Federal and Provincial governments respectively, so Mr. Doherty, the Minister of Justice, and his Deputy, and an eminent counsel to whom the matter was referred all came to the Premier's support in confirming what Sir Allan Aylesworth as Minister of Justice of the Liberal Government had said, namely, that the Dominion Parliament had not power to enact laws respecting the solemnization of marriages. To get rid of the difficulty and seeing a conflict of opinion between some of his followers and himself, Mr. Borden agreed to refer to the Supreme Court the question as to whether or not Mr. Lancaster's Bill if passed would infringe upon provincial rights and whether the Dominion Parliament had jurisdiction to pass such a measure.

The Supreme Court, and later the Privy Council in England upheld the opinion of the Liberal Minister of Justice by declaring that the Dominion Parliament had no power to enact laws regarding the solemnization of marriages, and that that power rested with the Provinces.

Thus was the Liberal Government upheld and thus were the Tories proved once more in the wrong. But what did they care? Their abominable campaign of racial appeals and poisonous insinuations had done its work only too well for their own political purpose.

GOOD ROADS.

In the Session of 1911-12, the Government introduced a Bill in Parliament designed to provide substantial expenditures in the construction of good roads.

When introducing the measure the Hon. Frank Cochrane, Minister of Railways & Canals, said that it was the intention of the Government that **"a certain amount of money should be granted to the different Provinces to build and improve**

highways," and that "the money will be divided the same as our subsidies for the different provinces."

The Bill, however, provided that the money would be spent by the Dominion Government, through its Railway Department. The enacting clause in this regard read:

"The Minister (of Railways,) with the approval of the Governor-in-Council and upon such terms and conditions as are prescribed by Order-in-Council, may undertake the construction of any new highway or bridges in any province, and may expend in such improvement or construction the whole or part of the sums voted by Parliament for such Subsidy to that Province; provided, however, that the Minister shall first obtain the necessary authority from the Legislature of such Province and the consent of the Lieut.-Governor in Council."

It will be apparent that this clause was devised for the express purpose of giving the Dominion Minister of Railways, highly dangerous powers to spend Dominion money in the construction of roads in any province the Government might wish to favor, or in any district in any Province where spending the Government money might be desirable in the Government interests.

The Liberals heartily approved of the idea of promoting the construction of good roads, and expressed their complete willingness to vote the money proposed to be spent for the purpose, but they absolutely declined to agree to the money being spent by the Dominion Government, practically as they please. There is no use in mincing words, the Hon. Frank Cochrane is a past master in the art of spending money for political purposes, and his record in this respect gives no assurance whatever, that the money that might be voted for good roads would be fairly expended by him in the best general interests of the people.

The Liberals forcibly pointed out that under the constitution the construction and maintenance of highways come under the jurisdiction of the Provinces and that, therefore, the only proper course to pursue was to apportion the aid proposed to be given by the Dominion Government for the purpose, among the several Provinces of the Dominion in proportion to the respective population of such provinces.

Sir Wilfrid Laurier, on the 3rd reading of the Bill, on March 1st, 1912, moved an amendment that:

"The sum of money to be voted in any year under this act shall be apportioned amongst the different Provinces of the Dominion according to the population of the said Provinces as established by the last census for the time being."

This amendment was defeated by the Government by a vote of 79 to 50.

The Bill was then sent to the Senate, where the following amendment was presented and carried by the

Liberal Senators—"The sum of money to be expended in any year under this Act shall be apportioned amongst and PAID TO, the several Provinces of the Dominion in proportion to the respective population of such province as shown by the next preceding census."

"This was rejected by the Government. Sir Wilfrid Laurier asked that, in view of Hon. Mr. Cochrane's promise and of the importance of the matter, a conference should be had with the Senate to adjust their differences. This was peremptorily refused by premier Borden, with the result that the Bill was abandoned. The arbitrary position taken by the Government was shown by Hon. Frank Cochrane, who had charge of the Bill, when he said—"IF THE BILL IS NOT PASSED BY THE SENATE AS IT HAS BEEN PASSED BY THE COMMONS, WE DO NOT PROPOSE TO EXPEND ANY MONEY and we will put the responsibility upon whom it belongs for killing the Bill."

The Government therefore, killed the Bill by abandoning it.

At Session of 1912-13 the Bill was again brought up with the Federal Control principle unchanged and again the Liberals asked that Mr. Cochrane, should make good his promise by embodying it in the Bill. This he refused to do, and on April 21, 1913, Sir Wilfrid Laurier moved:

"That the said Bill be not now read a second time but that it be resolved that this House, while recognizing the importance of assisting out the Federal Treasury in the Improvement of Highways, is of opinion that any appropriation for that object should be allotted and paid to the Governments of the respective Provinces in proportion to the population of the said Provinces, respectively as determined by the last decennial census."

This was defeated on a straight party vote, and a similar amendment on the third reading, by Mr. Guthrie, with an additional clause aimed to prevent the Dominion Government undertaking highway construction in the Provinces in contravention of Provincial rights, was voted down on April 29.

The Bill then went to the Senate, where Hon. Mr. Kerr moved this amendment:

"The sum of money voted in any year to be expended under this Act shall be apportioned amongst and paid to the several Provinces of the Dominion in proportion to the population of such Provinces respectively, as shown by the next preceding census."

This was carried in the Senate, and again on June 5th, 1913, the Borden Government refused to accept the amendment or to have a conference with the Senate, to adjust the differences.

The record is clear. The Liberals in Parliament consistently demanded the division of money for highways in fair proportion

amongst the Provinces and the observation of constitutional guarantees for Provincial rights in its expenditure. The Borden Government, rather than adopt these principles abandoned the Bill twice.

On June 5th, 1913, the Liberals in the House of Commons moved that the sum of \$1,500,000 provided in the estimate for Highways under the defunct Bill, be made an ordinary subsidy so that the money could be apportioned amongst the Provinces this year. On a straight party vote the Borden Government refused this by 42 to 41.

It is thus clear that the Government, not the Opposition, killed the Highways Aid Bill, and refused to grant the money to the Provinces.

Is it not perfectly clear from this, that the Government was more concerned with the making of votes, than in the building of roads?

DISMISSAL OF THE WATERWAYS' COMMISSION.

To what length the Conservative party carried its disregard for national honor and decency that partisan ends might be served, is well illustrated in the case of the change of personnel made in the Waterways' Commission. This body was established under a Treaty made between Great Britain and the United States, known as the Boundary Waterways' Treaty, and is for the purpose of preventing and adjusting differences arising in connection with boundary waterways, and in connection with the International boundary, and also international questions of any character which the two Governments may decide to submit to it.

Both the British and United States Government are entitled to three commissioners, the appointment of the Canadian commissioners being upon the recommendation of the Governor in Council in Canada, to be formally ratified by the British Government. Under this Treaty the Laurier Government appointed Sir George Gibbons, Mr. Ami Geoffrion and Mr. Alexander Barnhill, Canadian Commissioners.

The British Government approved of the appointment of these gentlemen, and notified the British Ambassador at Washington that a formal approval by the Government would be sent in due course. The British Ambassador at Washington notified the Canadian Government to this effect, and then the three commissioners were requested to go to Washington to organize the work of the Commission, along with their fellow Commissioners appointed by the United States Government.

When the Borden Government assumed office in October, 1911, it was discovered that while the British Ambassador, had notified the Canadian Government of the appointment of Sir George Gibbons and his colleagues, and had also notified the United States Government, there had been a delay in obtaining the King's signature by way of formal ratification of their appointment. Notwithstanding that the Commissioners were

already engaged upon their work, the Borden Government, in its zeal to find positions for its party followers, took advantage of this technicality, a matter for which the Canadian Government was in no way responsible, disregarded wholly the effect their action might have in weakening the confidence of the United States administration in the non-partisan nature of Canadian appointments in international affairs, and dismissed the appointees of the Laurier Government, and appointed in their stead, Messrs. T. Chase Casgrain of Montreal, Mr. Henry A. Powell of St. John, and Mr. Charles A. Magrath of Ottawa, all leading Conservatives.

The action of the Conservative Government in this regard was more serious in that the Commission was appointed to act in a quasi-judicial capacity.

The Borden Government assumed office on October 10th. It was on October 11th, that the Government caused the Governor General to send a cable to the British Colonial Secretary, demanding that no appointments for the Boundary Commission be made until, **"We have an opportunity to reconsider the appointments recommended by Order-in-Council on August 11th, last."** This action was followed by a dismissal of the appointees of the Laurier Government, and the appointment of the Conservatives mentioned.

The decision of the Government in this particular was not strengthened by the fact that Mr. Powell, one of the Conservative appointees on the Commission, had previously been retained in his professional character by certain American interests, notably, the American Lumber Millers at Van Buren.

CONSERVATIVE PLATFORM CONTRASTED WITH NATIONALIST-CONSERVATIVE PERFORMANCES.

When in Opposition Sir Robert Borden was a great platform maker. He loved to make planks composed of high sounding, platitudinous political phrases, and he was prolific in promises. Judging from these promises Canada would be a little political Heaven if he were entrusted with the management of its affairs. But it is one thing to make pledges of performance, and quite another thing to perform. Let us see what his platforms were, and how he carried them out.

The Famous Halifax Platform.

In August 1907, he formulated what became known as the Halifax Platform, as follows:

1. Honest appropriation and expenditure of public moneys in the public interest.
2. Appointment of public officials upon considerations of capacity and personal character and not of party service alone.
3. More effective provisions to punish bribery and fraud at elections, to ensure thorough publicity as to expenditures by political organizations, to prevent the accumulation of campaign funds for corrupt purposes and to prohibit contributions thereto

by corporations, contractors and promoters, to expedite the hearing of election petitions and to prevent collusive arrangements for the withdrawal or compromise thereof, to provide for a thorough investigation of corrupt practices, and if necessary to appoint an independent prosecuting officer charged with that duty, to simplify the procedure therefor and to enforce the laws so amended.

4. A thorough and complete reformation of the laws relating to the Civil Service so that future appointments shall be made by an independent commission acting upon the report of examiners after competitive examination.

5. Such reform in the mode of selecting members of the Senate as will make that Chamber a more useful and representative legislative body.

6. A more careful selection of the sources from which immigration shall be sought, a more rigid inspection of the immigrants and the abolition of the bonus system except under very special circumstances and for the purpose of obtaining particularly desirable classes of settlers.

7. The management and development of the public domain (in which are to be included great national franchises) for the public benefit and under such conditions that a reasonable proportion of the increment of value arising therefrom shall inure to the people.

8. The operation and management of our Government Railways by an independent commission free from partisan control or influence.

9. The development and improvement of our national waterways, the equipment of national ports, the improvement of transportation facilities and consequent reduction of freight rates between the place of production and the market, whether at home or abroad, and the establishment of a thorough system of cold storage.

10. The reorganization of the present Railway Commission as a Public Utilities Commission with wider Powers and more extended jurisdiction so as to establish thorough and effective control over all corporations owning or operating public utilities or invested with franchises of a national character.

11. The establishment after due investigation of a system of national telegraphs and telephones under conditions which shall be just to capital already invested in those enterprises.

12. The improvement of existing postal facilities, especially in newly-developed portions of the country, and the inauguration, after proper inquiry as to cost of a system of free rural mail delivery.

13. A fiscal policy which will promote the production within Canada of useful articles and commodities that can be advantageously produced or manufactured from or by means of our natural resources, having due regard to the interests of the consumer as well as to the just claims of our wage-earning population.

The Anti-Election Platform.

Again in August, 1911, during the election campaign, he issued a manifesto to the people which concluded with the following summarized promises:

"The **Liberal-Conservative Party** gives its Pledge to carry out the following policy if returned to Power:

"1. A thorough reorganization of the methods by which the public expenditure is supervised. The increase in what is known as ordinary controllable expenditure from \$21,500,000 in 1896 to nearly \$74,000,000 in 1911 is proof of extravagance beyond any possible defence.

"2. The granting of their natural resources to the Prairie Provinces.

"3. The construction of the Hudson Bay Railway and its operation by independent commission.

"4. The control and operation by the state of the terminal elevators.

"5. The necessary encouragement for establishing and carrying out the chilled meat industry.

"6. The establishment of a permanent tariff commission.

"7. The granting of substantial assistance towards the improvement of our public highways.

"8. The extension of free and rural mail delivery.

"9. The extension of Civil Service Reform.

"10. The granting of liberal assistance to the Province for the purpose of supplementing and extending the work of agricultural education and the improvement of agriculture."

Plank No. 1. **Honest appropriation and expenditure of public moneys in the public interest.**

We shall now take up these various planks in their order, and discuss what has been done by the Government to implement their pledges.

In reviewing the record of the Borden Government we find among others the following instances of expenditures which clearly do not properly fall within the classification, Honest Expenditure.

1. Straight gifts of nearly \$22,000,000 to the Canadian Northern Railway.

It would be interesting to note to what extent this was in repayment of campaign funds advanced to the Nationalist-Conservative party by the Canadian Northern Railway at the last election and also how much of it will fill the Hon. Robert Rogers' campaign barrel at the next election for which he has been clamoring.

2. **The Levis Land deal** shows the Government up in a very bad light. The facts regarding it are as follows:

During July, 1912, a man named Buteau bought a piece of land at Levis, Quebec, for \$5,500.

On June 26, 1913, Buteau sold the land to Dussault, a Nationalist-Conservative, for \$12,220—a profit of \$6,700 in 12 months.

On July 26, 1913, Dussault resold the land to W. R. Dohen, another Nationalist-Conservative, for \$25,400—a profit of \$13,180 for Dussault in 30 days.

On July 30, 1913, Dohen resold the land to the Department of Agriculture of which Hon. Martin Burrell is Minister, as a site for a quarantine station for \$32,750—a profit of \$7,350 for Dohen in four days.

Thus within a year, the price of this property increased from \$5,500 to \$32,750, or an increase of \$27,230, nearly 500 per cent.

The question naturally suggests itself. Was it foresight that guided Messrs. Dussault and Dohen in their purchases? Or did an interested friend in the Government who knew the property was to be purchased help along this transaction for ends that can readily be surmised?

The purchase of this quarantine site came up for discussion in the House on February 24, 1914, and the Hon. Mr. Burrell admitted that for a year and a half he had been endeavouring to formulate a plan to secure the necessary land at Levis.

Did all the land in and around Levis increase 500 per cent in one year?

3. **The Dorval land scandal** is another illustration of expenditure which cannot be classed as decent. Briefly stated the circumstances in regard to this matter are:

On May 23, 1912, at the instance of Colonel Hughes, the Minister of Militia, an Order-in-Council was passed authorizing the Minister of Militia to pay \$180,000 for a military camp site near Montreal.

On June 8, 1912, Major Rodden of Montreal purchased a property known as the McIntyre farm for \$36,496, adjoining the Bel-Air race track, a property he had purchased on May 27, 1911, for \$48,500. His total purchase price for both properties was \$84,996.

On June 17, 1912, the Minister of Militia issued a cheque in payment for these properties to Messrs. Rodden, Fair and Cameron for \$180,000.

On June 24, 1912, Messrs. Rodden, Fair and Cameron issued a certificate to the Justice Department stating that the land was clear. The government's cheque was cashed on the same date.

Major Rodden's total outlay, supposing all payments on his purchases to have been made by him, before receiving the Government's check was \$84,996; his net profit on the transaction was \$95,004.

Why did the Militia Department not forestall Major Rodden in the purchase, at least, of the McIntyre property? The Order-in-Council authorizing its purchase was passed May 23, 1912, Major Rodden did not make his purchase till June 8, and the Militia Department repurchased from him on June 17 at the above prices?

4. **Shield shovels** to the number of 25,000 at a cost of \$33,750 were supplied to the Canadian soldiers, and discarded by the British authorities at Salisbury Plains. The facts were brought

out by the following questions and answers in the British House of Commons:

"QUESTION:

"Mr. MacVeagh asked whether the McAdam spades with which the Canadian soldiers were supplied at Salisbury Plains have been discarded; and, if so, under what circumstances.

ANSWER:

"Mr. Tenant (Under Secretary of State for War.)

It is necessary that the entrenchment implement should be carried on the person, and as the Canadian troops had no means of doing this with their spade, the Service pattern with the appropriate fitment was issued to them. (See British Parliamentary debates, Thursday, March 11th, 1915.)

This Shield shovel has an interesting, if not romantic history. It was patented by one, Miss McAdam, a 21-year old girl, who is the Private Secretary to the Honourable Major General Sam. Hughes. We imagine it will be rather difficult to make people generally believe that this was a straight deal.

5. **Mr. Foster** (Not Sir George) a Conservative member of Parliament, was handed \$72,000 from the Public Treasury to buy horses for the Militia Department for which no vouchers were produced. He says he employed two men to buy for him, but when the matter was investigated by the Public Accounts Committee these two parties were in the United States and were not produced to give evidence. This was such a shocking case that the Prime Minister publicly rebuked Mr. Foster for his part in the affair but this does not rectify the transaction. The testimony adduced showed that many of the horses bought through Mr. Foster were unfit for military use. Lamé, halt, blind, spavined and knee-sprung horses were accepted, to say nothing of horses of hoary and uncertain age.

6. **Motor Trucks** for the soldiers were bought in wholesale quantities at retail prices—at the same price as a man buying one truck would pay. In this way the Borden Government overpaid \$180,000. A remarkable feature in connection with the purchase of these trucks was that men selected to do the buying for the Government actually acted both as buyers for the Government and sellers to it.

7. **Binoculars.**—The Public Accounts Committee of the House of Commons submitted the following report regarding the purchase of binoculars for Canadian officers.

"From the evidence it appears that a number of binocular glasses were of poor quality, low range and inferior efficiency but passed inspection and were paid for at excessive prices and this was due to misrepresentation and inadequate inspection. The evidence in this matter showed that as respects one lot of 160 glasses the

middleman who sold to the Government bought the glasses for an average price of \$30.00 each and sold them to the Government at \$58.00 each. One pair of glasses was bought as low as \$9.00 and turned over to the Government for \$58.00.

8. **Bandages.**—A Conservative member of Parliament, Mr. W. F. Garland, of Ottawa, worked a dishonest scheme on the Government by having a clerk in his employ act as middleman in the purchase of bandages. This clerk got orders amounting to \$41,000 on which there was a profit of 30%. There is no doubt whatever that that illegitimate profit was intended to go into the pockets of the Conservative M.P. or his drug Company, notwithstanding the Independence of Parliament Act which provides that no member of Parliament shall be interested in financial dealings with the Government. As a result however of the disclosures made before the Public Accounts Committee the young clerk refunded the whole of the profit to the Government. **Mr. Garland still retains his seat as a member of Parliament,** and in May, 1915, issued a statement asserting, "I still control the patronage for the County of Carleton, Ont." It takes more than a gentle rebuke from Premier Borden to shut off a man like this.

9. **Drugs.**—Madame Plamondon of Quebec, a sister of Mr. Albert Seigny, Deputy Speaker of the House of Commons, sold drugs and medical supplies to the camp at Valcartier to the amount of \$23,200. An expert druggist, 45 years in the business, swore that there were scandalous overcharges ranging from 70% to 300%.

10. A retail druggist in Ottawa, Mr. J. A. Brownlee, supplied the Militia Department with 1062 clinical thermometers at \$1.00 each.

A member of Parliament made inquiry about this purchase and on the day following his inquiry a refund of 50 cents per thermometer was made by Mr. Brownlee, on the plea that he had made a mistake. The purchases were made from Mr. Brownlee in August and October, 1914, and he did not discover his alleged mistake until after inquiry was made in Parliament in February, 1915.

11. **Locks.**—The Postmaster-General, Mr. Pelletier, who subsequently found his health too poor to continue as Minister, but good enough to act as a Judge of the Superior Court for the Province of Quebec, to which position he was appointed, gave to a specially formed company of political friends, without calling for public tenders, a contract for 350,000 mail bag locks at \$1.00 a piece, that quantity being twice greater than the number of locks used in the whole history of the Department.

And the end is not yet. When the operations of the Honorable Robert Rogers as Minister of Public Works come to be investigated evidence will surely be forthcoming as to the sources of the Conservative campaign funds.

Plank No. 2 and 4. **Appointment of public officials upon considerations of capacity and personal character and not of party service alone.**

A thorough and complete reformation of the laws relating to the civil service so that future appointments

shall be made by an independent commission acting upon the report of examiners after competitive examination.

The Borden Government have done nothing in fulfillment of these pledges. The Liberals created the Civil Service Commission and, through it, all appointments to the inside service at Ottawa are made. As respects the outside service, Sir Robert Borden and his Ministers have in every instance appointed their own friends to office, and party service has been the prime qualification. We challenge them to cite an instance of a Liberal being appointed by them.

No attempt has been made by the Government to reform the laws affecting the Civil Service. On the contrary the Civil Service has been demoralized by the wholesale dismissal, for alleged political reasons, of thousands of officers and by appointments of hordes of unnecessary officers. In three years 5099 officers were dismissed, 7994 resigned (mostly forced resignations) and no less than 25,613 new appointments were made.

Allowing 1,000 for superannuation and deaths, the figures show that in addition to filling all vacancies created, over 11,000 absolutely new appointments were made during a period when the country was practically standing still.

Instead of up-holding and defending the Civil Service Commission the Borden Government have attempted to destroy its usefulness. One of his Ministers, the Honourable Mr. Blondin, frankly declared in Parliament:

"I would be the last man in the House of Commons to take up the defence of the Civil Service Commission."

Plank No. 3. More effective provisions to punish bribery and fraud at elections, to ensure thorough publicity as to expenditures by political organizations, to prevent the accumulation of campaign funds for corrupt purposes and to prohibit contributions thereto by corporations, contractors and promoters, to expedite the hearing of election petitions and to prevent collusive arrangements for the withdrawal or compromise thereof, to provide for a thorough investigation of corrupt practices, and if necessary to appoint an independent prosecuting officer charged with that duty, to simplify the procedure therefor and to enforce the laws so amended.

Sir Robert Borden has been four years in office but nothing has been done to put into effect this high sounding promise.

Plank No. 5. Such reform in the mode of selecting members of the Senate as will make that chamber a more useful and representative legislative body.

The Borden Government has done nothing to reform the Senate.

Plank No. 6. A more careful selection of the sources from which immigration shall be sought, a more rigid inspection of the immigrants and the abolition of the bonus system except under very special circumstances and for the purpose of obtaining particularly desirable classes of settlers.

This is mere administrative detail. The Nationalist-Conservative Government have utterly failed to grasp the seriousness of the important problem in regard to immigrants which is to get the immigrants to settle on the land. This is the greatest problem staring Canada in the face today, and nothing has been done by the Government to solve it.

Plank No. 7. The management and development of the public domain (in which are to be included great national franchises) for the benefit and under such conditions that a reasonable proportion of the increment of value arising therefrom shall inure the people.

This is a high sounding platitudinous plank intended more for show purposes than anything else. We are not aware of the performance of the promise made. On the other hand there are a number of instances in which the Borden Government has given away the public domain. We cite two of them as follows:

THE GIMLI LAND GRAB.

On the Government plans and maps of the town of Gimli, on Lake Winnipeg, certain lands fronting on the lake had been shown for 37 years as public domain.

Some years ago the Town Council of Gimli sought titles to the land, but the Department of Interior held this was unnecessary. The streets and public park were on the same status.

Eight or nine years ago two persons applied to the Laurier Government for the land, but were refused.

During October, 1913, Peter Tergeson, Mayor of Gimli, by paying \$752 was given a patent for the land, by the Interior Department of which Hon. Dr. Roche is Minister. Tergeson had been a Liberal, but became an active Conservative worker in 1911.

■ The land obtained by Tergeson, through the Minister of the Interior should belong to his town. It is valued at \$15,000.

■ The transfer deprives the town of Gimli of the best bathing beach on Lake Winnipeg and it gives Mr. Tergeson a return of nearly 2,000 per cent on his money.

THE PRINCE ALBERT HOMESTEAD.

Under the Liberal Government 73 acres of land within the city limits of Prince Albert, Sask., had been, along with other lands, reserved from homesteading.

During January, 1912, Hon. Robt. Rogers, the present Minister of Public Works, the then Minister of the Interior, stated these lands were not open for homesteading.

No public notice was later given that the lands had been opened for homestead entry.

On April 16, 1912, Arthur Donaldson, son of the Conservative Whip, in the Saskatchewan legislature, was granted the usual certificate of homestead entry on payment of the regular fee of \$10.00.

A few days later Donaldson took advantage of the homestead regulations by applying half-breed scrip on his entry, thus evading the performance of the homestead requirements for actual settlers. The scrip was accepted and Donaldson was given a patent which is a clear title free of all encumbrances.

Forthwith the land was sub-divided and offered to the public at prices aggregating \$374,000.

Donaldson got for \$10, land belonging to the public domain valued at \$374,000.

Plank No. 8. The operation and management of our Government railways by an independent commission free from partisan control or influence.

The Government railways are operated by a Commission, but that the Commission is free from partisan control or influence is very doubtful.

Plank No. 9. The development and improvement of our national waterways, the equipment of national ports, the improvement of transportation facilities and consequent reduction of freight rates between the place of production and the market, whether at home or abroad, and the establishment of a thorough system of cold storage.

This plank was merely a continuance of the policy of the Liberals.

Plank No. 10. The reorganization of the present Railway Commission as a Public Utilities Commission with wider powers and more extended jurisdiction so as to establish thorough and effective control over all corporations owning or operating public utilities, or invested with franchises of a national character.

Nothing has been done by the Nationalist-Conservative Government to give effect to this pledge.

Plank No. 11. The establishment after due investigation of a system of national telegraphs and telephones under conditions which shall be just to capital already invested in these enterprises.

This plank also remains entirely unfulfilled.

There is no evidence that the Nationalist-Conservative Government even has investigated the subject.

Plank No. 12. The improvement of existing postal facilities especially in newly-developed portions of the country, and the inauguration, after proper inquiry as to cost, of a system of free Rural Mail Delivery.

This also is a continuation of the policy of the Liberals who established the free rural mail delivery. In this connection it is interesting to note that the Liberal Administration while giving a splendid service to the public, were able to show surpluses each year averaging \$1,000,000 in the finances of the Post Office Department. In three short years under Nationalist-Conservative Administration the Post Office surplus was cut down from \$1,000,000 per annum to \$100,000.

Plank No. 13. A fiscal policy which will promote the production within Canada of useful articles and commodities that can be advantageously produced or manufactured from or by means of our natural resources, having due regard to the interests of the consumer as well as to the just claims of our wage-earning population.

Properly interpreted and eliminating the verbiage, this plank means protection. The Nationalist-Conservative Government have made changes from time to time in the tariff nearly, all of which were in the direction of higher protection to the manufacturer.

With the war tax of $7\frac{1}{2}\%$, the customs duties are now abnormally high. On articles of wearing apparel and necessity the rates run up to $42\frac{1}{2}\%$ which are almost prohibitive. It is a wonder indeed that any goods come into the country under such crushing taxes.

The British preferential tariff instituted by the Liberals under which the rates of duty were exceedingly moderate operated to keep down prices to the consumer. Unfortunately the Conservative Government largely destroyed that sheet anchor of the consumer by imposing an additional \$5.00 duty on every \$100 worth of British goods imported.

The tariff changes that have been made from time to time have been dictated by the manufacturers. As a matter of fact the chief advisor of the Finance Minister in tariff matters was formerly the tariff expert of the Canadian Manufacturers' Association and knows nothing but the interests of the manufacturer.

Not only were the interests of the farmers and consumers prejudiced by the tariff changes but the Government denied the farmers the right to sell their wheat free of duty in the United States. By a law passed in the United States it is provided in effect that the duty on Canadian wheat entering that country will be removed if the Canadian duty on United States wheat is taken off. The Government refused to grant this meed of justice and right to the agriculturist. They control through their customs tariff the prices the farmers have to pay for their necessities, and they likewise dictate to him as to where he shall sell his products.

CONSERVATIVE ANTE-ELECTION PLATFORM.

Plank No. 1. A thorough reorganization of the methods by which the public expenditure is supervised. The in-

crease in what is known as ordinary controllable expenditure from \$21,500,000 in 1896 to nearly \$74,000,000 in 1911 is proof of extravagance beyond any possible defence.

The Nationalist-Conservative record in finance is amazing. Notwithstanding the serious statement made in that plank as to the extravagance of the Liberals, the Nationalist-Conservative Government in their first full fiscal year increased the ordinary expenditures of the country from \$98,000,000 to 112,000,000; the next year from \$112,000,000 to \$127,000,000 and the third year from \$127,000,000 to \$140,000,000.

It will be apparent from these figures that Sir Robert Borden either did not know what he was talking about before the election or that his Government has been guilty of the wildest kind of extravagance.

Not a single action has been taken by the Nationalist-Conservative Government towards reorganizing the methods by which the public expenditures are supervised.

Plank No. 2. The granting of their natural resources to the Prairie Provinces.

Here we have a distinct pledge to grant to the Prairie Provinces their natural resources. The Conservative Government has now been nearly four years in Office and have not made a single move towards implementing their promise and solemn pledge in this regard.

Plank No. 3. The construction of the Hudson Bay Railway and its operation by Independent Commission.

Both political parties were committed to the construction of this road. Before going out of Office the Liberal Government caused the necessary surveys of the road to be made. The Nationalist-Conservative Government awarded the contracts for the construction of the road which is now being proceeded with.

Plank No. 4. The control and operation by the State of the Terminal Elevators.

This pledge has been fulfilled in part, by the construction of Government elevators at Fort William and interior storage terminals at Saskatoon and Moose Jaw, but all the terminal elevators are not yet under the control and operation of the Dominion and there is nothing to show that they ever will be.

Plank No. 5. The necessary encouragement for establishing and carrying on the chilled meat industry.

No action has been taken to carry out this promise.

Plank No. 6. The establishment of a permanent Tariff Commission.

The Nationalist-Conservative Government introduced a bill to provide for a permanent tariff Commission, but killed the measure rather than accept amendments made to it by the Senate, which provided for the most thorough investigation as to capital invested, cost of production, etc., to manufacturers. The Senate's main idea was to

guard against watered capital being included as investment upon which returns should be given through customs tariff protection.

Plank No. 7. The granting of substantial assistance towards the improvement of our public highways.

The Nationalist-Conservative Government introduced a Bill in Parliament designed to provide substantial expenditures in the construction of good roads.

The Liberals heartily approved of the idea of promoting the construction of good roads and expressed their willingness to vote the money proposed to be spent for the purpose, but they pointed out that under the Constitution the construction and maintenance of highways come under the jurisdiction of the Provinces and that, therefore, the only proper course to pursue was to apportion the aid to be given by the Dominion Government for the purpose, among the several Provinces of the Dominion in proportion to the respective population of such Provinces. The Nationalist-Conservative Government declined to adopt this proposition and rather than do so they abandoned the bill, twice. The stand they took was that they must spend the money themselves which meant that they would spend it in any Provinces they might wish to favor or in any district in any Province where spending Government money might be desirable in the Government interests. It is perfectly clear from the records that the Nationalist-Conservative Government was more concerned with the making of votes than in securing good roads to the people.

Plank No. 8. The extension of free and Rural Mail Delivery.

The free rural mail delivery system was splendidly developed by the Liberals. In the natural course of things it was bound to be expanded from time to time.

Plank No. 9. The extension of Civil Service reform.

The Nationalist-Conservative Government has done nothing whatever towards Civil Service reform, except bring over from England a British officer who investigated the workings of the Civil Service and made a lengthy report containing many recommendations, which report was pigeoned holed by the Government.

We would mention also that the Government appointed a Commission to inquire into the workings of the various Departments. The head of that Commission was a man named Morine who at one time was a Minister of the Crown in Newfoundland and was dismissed from his high position by the Governor-General of that colony for malfeasance in Office. When this was disclosed in Parliament the resignation of Morine was submitted and accepted and the Commission died a natural death, without accomplishing anything.

Plank No. 10. The granting of liberal assistance to the Provinces for the purpose of supplementing and extending the work of agricultural education and the improvement of agriculture.

This is the only pledge given by the Nationalist-Conservative party before the election which has been fulfilled.

